

EUROPEAN ECONOMY

EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A

Economic trends

No 12 – December 1996



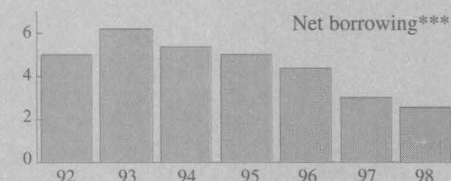
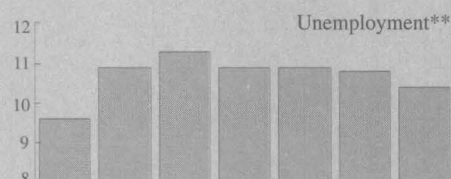
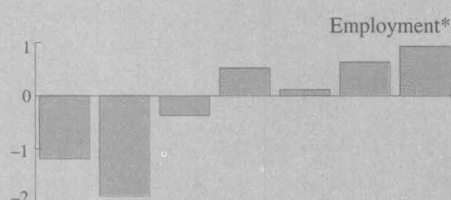
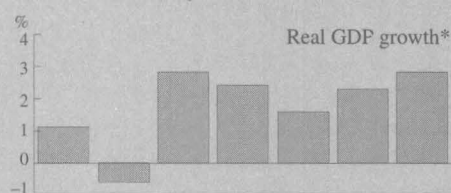
*In this number :
Economic Forecasts
for 1996–1998¹*

THE COMMUNITY ECONOMIC OUTLOOK : 1996–1998¹

The main features of the Commission Services' Autumn 1996 Economic Forecasts are as follows:

- The figures point to moderate average growth of 1.6 % in the European Union in 1996 and to a further acceleration to 2.3 % in 1997 and to 2.8 % in 1998. These growth forecasts are close to those released in the Spring of 1996, but at the country level, some revisions occurred which offset each other.
- The rebound is supported by healthy fundamentals and a favourable international environment. In addition monetary policies are easing, justified by increased credibility of the fiscal consolidation process, appropriate wage developments and a stabilisation of exchange rates. Convergence is expected to improve and a significant number of Member States could qualify for EMU from the start. It should be stressed, however, that the convergence criteria will be evaluated at the beginning of 1998 on the basis of observed, as opposed to forecast data.
- In line with the recovery, employment will gradually increase by 0.1% in 1996 to 0.6% in 1997 and 0.9% in 1998, paving the way for a reduction, concentrated at the end of the forecast horizon, in the unemployment rate from 10.9 % in 1995 to 10.4 % in 1998.
- The average EU inflation rate should fall from 2.6 % in 1996 to 2.2 % in 1997 and remain at that level in 1998. Moreover, inflation convergence is likely to improve further.
- The average deficit/GDP ratio in the EU is expected to fall from 4.4 % in 1996 to 3 % in 1997. Based on the measures presented in the 1997 budgets of Member States, twelve countries are expected to have a deficit at or below 3% of GDP in 1997. For 1998 a further improvement of the deficit to 2.5 % of GDP is possible. Despite the considerable reduction in the government deficit, the average debt/GDP ratio is projected to rise slightly to 73.7 % in 1997 but to decline thereafter. Most Member States, however, are characterised by falling debt/GDP ratios or have a ratio below 60 %.

EU economy : General outlook



¹ This is a summary of the Commission Services' Autumn 1996 Economic Forecasts, based on available data up to 30 October 1996. The Spring 1996 forecasts for 1995–97 were published in Supplement A, N° 5/6 of May/June 1996.

* Annual percentage change.

** As a percentage of the civilian labour force.

*** As a percentage of GDP at market prices : general government.

It is estimated that the growth pause came to an end by mid-1996. The European economy should expand by 1.6 % in 1996 and by 2.3 % in 1997 (which is more or less identical to the Spring forecast). An acceleration to 2.8 % in 1998 is forecast. This perspective is backed by recent data and indicators such as quarterly GDP estimates, industrial production and surveys among consumers and managers. While for the EU as a whole the growth outlook hardly changed, at the country level several growth rates have been revised upwards, of which the German one is the most noticeable, but they failed to push the EU average higher because of the sizeable downward revision for Italy.

Sound supply side factors in Europe and a continuing favourable external demand for European products support the rebound in economic activity. In addition the rebalancing of the policy-mix is expected to be one of the main stimulating factors. The enhanced credibility of the fiscal adjustment process, the appropriate evolution of wages and stable exchange rates permitted an easing of monetary policy without threatening price stability. In consequence both short- and long-term interest rates declined in the EU and more so in countries suffering from high interest rate differentials with the German mark.

With respect to the demand components, exports are expected to be the most dynamic with a rebound in the second half of 1996 and a further acceleration to 6.5 % in 1998. This should help to trigger a revival in gross fixed capital formation and, in particular investment in equipment is expected to gradually improve to 7 % at the end of 1998. After some hesitation at the beginning of the forecast period, private consumption is expected to expand at 2.5 % in 1998 on average in the EU and should therefore support growth. A moderate increase in real wages (somewhat less than 1 %), a decline in precautionary savings and, increasingly, employment creation will underpin private consumption.

Between 1996 and 1998 employment will increase by 1.6 %, corresponding to some 2.3 million jobs created, mainly towards the end of the forecast horizon when the economy is gaining momentum. Taking into account the evolution of the active population this is estimated to reduce by 650 000 the number of unemployed, again concentrated at the end of the forecast period. The average unemployment rate in the European Union is expected to fall by half of a percentage point in 1998 to 10.4 %.

Inflation will remain under control. In the EU as a whole the rate of inflation, as measured by the private consumption deflator, should fall from 2.6 % in 1996 to 2.2 % in 1997 and should remain at that level in 1998. Moreover, inflation convergence is likely to improve further; almost all Member States could have an inflation rate at or below 3 %. The adjustment in the behaviour of governments and wage earners who have both incorporated the determination of, increasingly independent, central banks to pursue price stability, largely explains the absence of inflationary pressures.

The public finance forecasts for 1997 are made on the usual assumption that only the measures adopted or known in sufficient detail and compatible with the ESA accounting rules are to be included. Thanks to the important budgetary measures taken, the fall in interest rates and higher growth, the average deficit/GDP ratio in the EU is expected to fall from 4.4 % in 1996 to 3 % in 1997. Twelve Member States are expected to have in 1997 a deficit

Main features of Autumn 1996 Economic Forecasts (Annual percentage change, unless otherwise stated)

	86-90	91-95	96-98	1995	Estimate 1996	Forecast 1997	Scenario 1998
Real GDP growth							
EUR ¹	3.3	1.4	2.3	2.4	1.6	2.3	2.8
Germany ¹	3.4	2.2	2.1	1.9	1.4	2.2	2.8
France	3.2	1.1	2.0	2.2	1.1	2.1	2.7
Italy	3.0	1.1	1.6	3.0	0.8	1.4	2.6
United Kingdom	3.3	1.2	2.8	2.4	2.3	3.0	3.0
Inflation²							
EUR ¹	4.3	4.1	2.4	3.0	2.6	2.2	2.2
Germany ¹	1.5	3.4	1.8	1.9	1.8	1.7	1.8
France	2.9	2.3	1.6	1.7	1.9	1.4	1.5
Italy	6.1	5.7	3.1	5.8	3.9	2.9	2.6
United Kingdom	5.0	4.1	2.5	2.6	2.5	2.4	2.5
Unemployment (%)³							
EUR ¹	9.0	10.2	10.7	10.9	10.9	10.8	10.4
Germany ¹	5.9	7.3	8.9	8.2	9.0	9.1	8.7
France	9.8	11.1	12.2	11.5	12.3	12.4	11.9
Italy	9.6	10.3	12.2	11.9	12.1	12.3	12.1
United Kingdom	9.0	9.5	7.8	8.8	8.3	7.8	7.4
General government net borrowing (% of GDP)							
EUR ¹	-3.7	-5.3	-3.3	-5.0	-4.4	-3.0	-2.5
Germany ¹	-1.5	-3.1	-3.1	-3.5	-4.0	-2.9	-2.4
France	-1.8	-4.4	-3.3	-4.8	-4.0	-3.0	-2.9
Italy	-10.8	-9.1	-4.3	-7.1	-6.6	-3.3	-3.0
United Kingdom	-1.2	-5.9	-3.5	-5.8	-4.6	-3.5	-2.2
Current account balance (% of GDP)							
EUR ¹	0.1	-0.1	1.2	0.7	1.0	1.2	1.3
Germany ¹	4.2	-1.2	-0.5	-1.2	-0.9	-0.4	-0.2
France	-0.3	0.6	1.7	1.5	1.7	1.7	1.7
Italy	-0.8	0.1	3.8	2.5	3.4	4.0	4.0
United Kingdom	-3.8	-2.1	-0.4	-0.4	-0.1	-0.5	-0.5
International economic environment							
GDP growth US	2.8	2.3	2.4	2.0	2.4	2.3	2.4
GDP growth JAP	4.6	1.3	2.8	0.8	3.8	1.8	2.8
World imports excl. EU	6.7	6.0	8.2	11.1	8.1	8.1	8.3
Extra-EU export market growth	6.4	3.7	7.9	9.3	7.6	8.1	8.1

¹ EUR and Germany including the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.

² Deflator of private consumption.

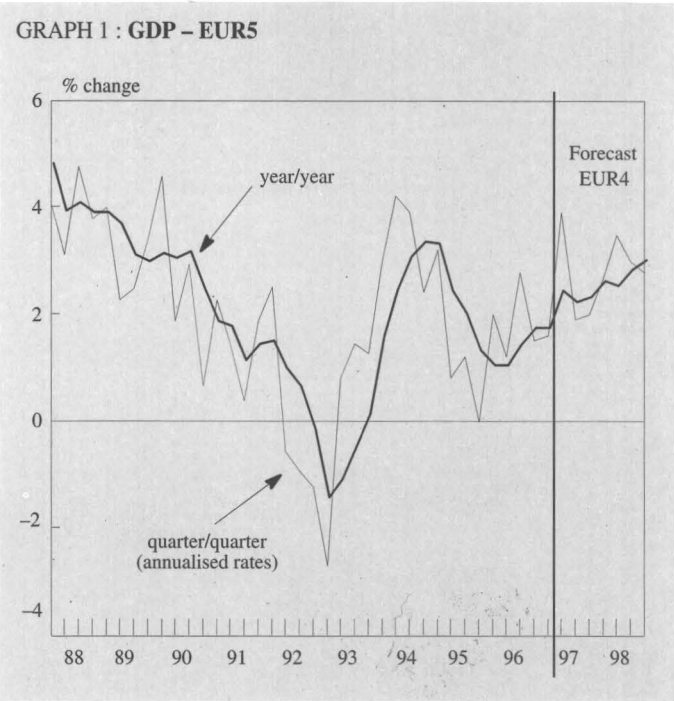
³ Eurostat definition.

at or below 3% of GDP. For 1998, the scenario is based on the assumption of no change in policy which essentially boils down to an extrapolation of presently known measures (if not temporary) and trends; in that year a further improvement of the deficit to 2.5 % of GDP is possible. Despite the considerable reduction in the government deficit, the debt/GDP ratio is projected to increase slightly from 73.5 % in 1996 to 73.7 % in 1997. Most Member States, however, are characterised by falling debt/GDP ratios and 3 Member States have a ratio below 60 %. In 1998 the average debt level should decrease to 72.9 % of GDP.

THE ECONOMY OF THE EUROPEAN UNION

1. Recent developments

The economy of the EU suffered, on average, a growth slowdown starting in mid-1995, which might have ended in mid-1996. Activity is likely to have bottomed out in the second quarter of 1996. On a year-on-year basis, **GDP in the EU** was still growing by 3.4% in the first quarter of 1995. In the first and the second quarter of 1996 (latest available quarterly data) it decelerated to the modest pace of 1.1%.



In line with this quarterly GDP profile, **industrial production** decelerated markedly throughout 1995 and remained very weak in the first two quarters of 1996. A slight improvement has, however, been evident since last summer.

Due to the weak growth performance registered over the last quarters, **average unemployment in the EU** remained at a high level (10.9% of the labour force in October).

Inflation in the EU has continued decreasing over the last months. In October 1996, according to the interim harmonised indices of consumer prices, inflation in the EU was 2.4%, and 11 countries were standing below 3%.

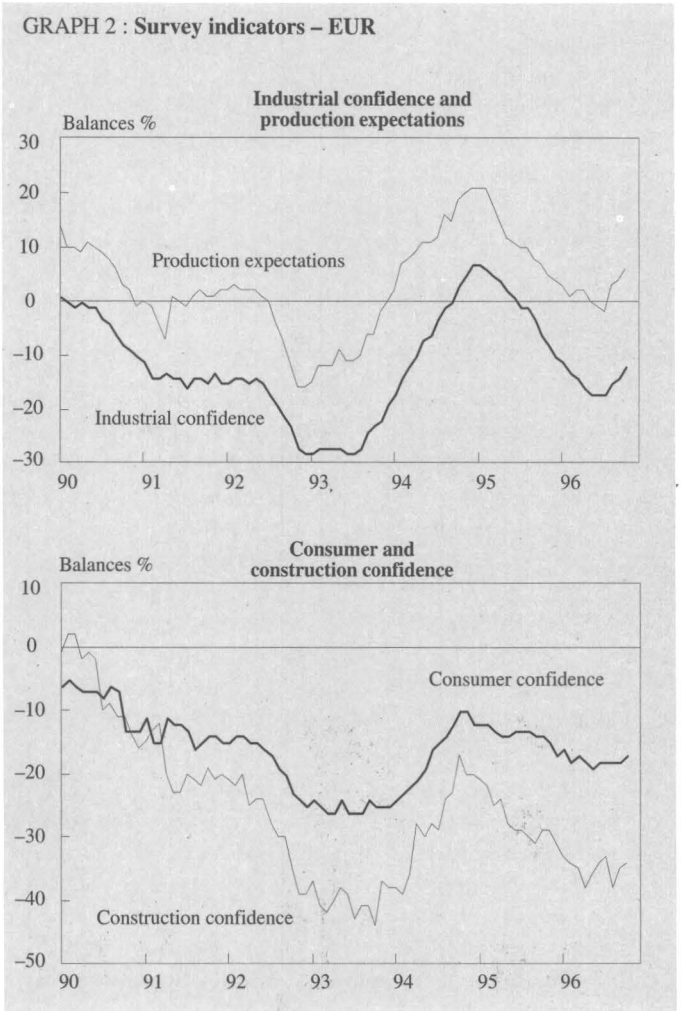


TABLE 1 : Economic activity – EUR									
(Real percentage change from previous half-year at annual rate)									
	94H2	95H1	95H2	96H1	estimate 96H2	forecast 97H1	forecast 97H2	scenario 98H1	scenario 98H2
Private consumption	2.0	2.1	1.2	2.5	1.7	1.7	2.2	2.4	2.7
Government consumption	-0.2	1.3	1.4	1.2	0.8	0.4	0.4	1.0	1.3
Gross fixed capital formation	3.7	4.8	-0.2	0.9	4.5	2.3	3.4	4.9	5.5
– of which equipment	7.4	8.4	1.5	5.0	3.9	5.1	5.9	6.7	7.2
– of which construction	1.1	2.2	-1.3	-2.1	4.9	0.2	1.5	3.3	4.2
Change in stocks ¹	1.2	-0.4	0.5	-0.8	-0.3	0.4	0.3	0.0	0.0
Exports of goods and services ²	10.6	6.6	2.5	4.2	5.0	6.0	6.2	6.5	6.5
Imports of goods and services ²	8.6	5.3	5.1	2.5	3.3	5.4	6.1	6.3	6.3
GDP	3.4	2.7	0.9	1.7	2.2	2.3	2.5	2.8	3.1

¹ Contribution to change in GDP. ² Including intra-EU trade.

Results from the surveys have recently improved or stabilised as compared to early 1996. In particular **industrial confidence** improved steadily over the last 3 months up to October 1996. Such a move had not been registered since January 1995. **Capacity utilisation** stopped deteriorating in the third and the fourth quarter (the latter estimated on the basis of October's results) of this year which could mark an end to the downward trend, implying a better outlook for increased output. Domestic and export **orders** have continued to improve in October. Finally, **consumer confidence** improved in October after a long period of stagnation at a low level.

2. Growth rebound in 1996 and further acceleration in 1997/98

A moderate pick up in growth should take place in the second half of 1996 followed by a progressive acceleration of the European economy from the end of the current year. In the second half of 1996, **GDP** in the EU is forecast to reach growth rates of around 2% year-on-year. As a result, the growth rate for 1996 as a whole is now for 1.6%, almost unchanged on the Spring forecast (1.5%). While for the European aggregate these figures remain very close to those presented in the Spring, significant revisions occurred in

(from 0.5 % to 1.4 %), but also in Denmark, Ireland, the Netherlands and Sweden. However, these promising developments are not reflected in the evolution of the aggregate since Italian growth was significantly revised downwards (from 1.8 to 0.8 %).

Growth is expected to accelerate further in 1997 to 2.3 % (2.4 % in the Spring forecast) and to reach 2.8 % in 1998. This is in line with the previous forecast, while furthermore, the uncertainties surrounding the Spring projections have been attenuated. Against this positive background, convergence is also expected to improve: the expectation is for a significant number of Member States to meet the necessary conditions to participate in Economic and Monetary Union from the outset. It should be stressed, however, that the convergence criteria will be assessed at the beginning of 1998 on the basis of observed, as opposed to forecast, data.

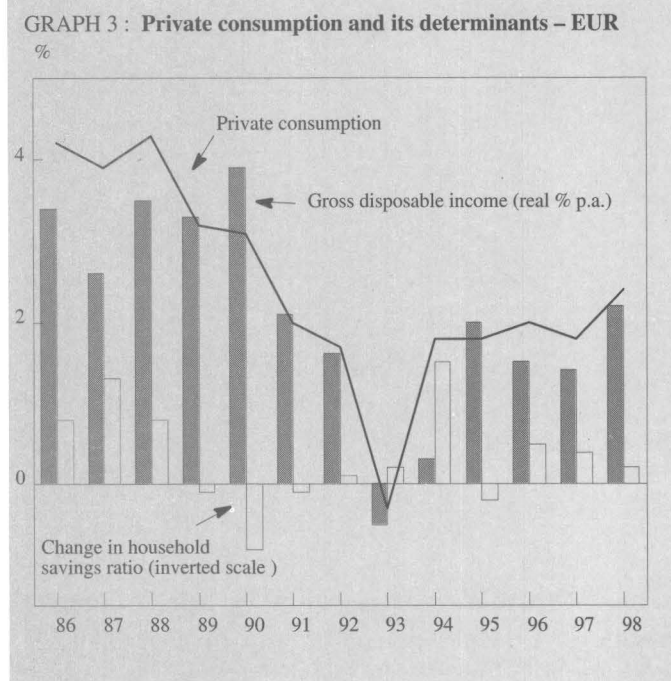
TABLE 2 : Composition of growth – EUR

	1994	1995	Estimate 1996	Forecast 1997	Scenario 1998
Real annual percentage change					
Private consumption	1.8	1.8	2.0	1.8	2.4
Government consumption	0.4	0.7	1.2	0.5	0.9
Gross fixed capital formation	2.5	3.6	1.5	3.1	4.7
– of which equipment	3.6	6.7	3.8	5.0	6.7
– of which construction	1.1	1.5	-0.2	1.7	3.1
Exports of goods and services ¹	8.8	7.5	4.0	5.8	6.4
Imports of goods and services ¹	7.7	6.5	3.3	5.1	6.2
GDP	2.8	2.4	1.6	2.3	2.8
Contribution to changes in GDP²					
Consumption	1.2	1.2	1.4	1.2	1.6
Investment	0.5	0.7	0.3	0.6	0.9
Stockbuilding	0.9	0.2	-0.3	0.2	0.1
Exports ³	0.8	0.7	0.7	0.8	0.8
Final demand ³	3.4	2.8	2.0	2.8	3.5
Imports ³ (minus)	0.5	0.4	0.4	0.5	0.7

¹ Including intra-EU trade.

² GDP=C+I+Δ stocks+X-M.

³ Excluding intra-EU exports



Exports of goods should consist the most dynamic component of final demand as a strong rebound is expected in the second half of 1996. After a temporary slowdown from 8.2 % in 1995 to 3.8 % in 1996 for the average of the year, exports to both intra- and extra-EC destinations should show a further gradual acceleration to 6 % in 1997 and 6.7 % in 1998 on average in the European Union as a whole.

Private consumption behaved surprisingly well in the first half of 1996 and will deliver an important contribution to growth after some hesitation at the beginning of the forecast period. Private consumption is expected to expand at 1.8 % on average in the EU in 1997 and to accelerate further to 2.4 % in 1998. It will benefit from a moderate increase in real wages (close

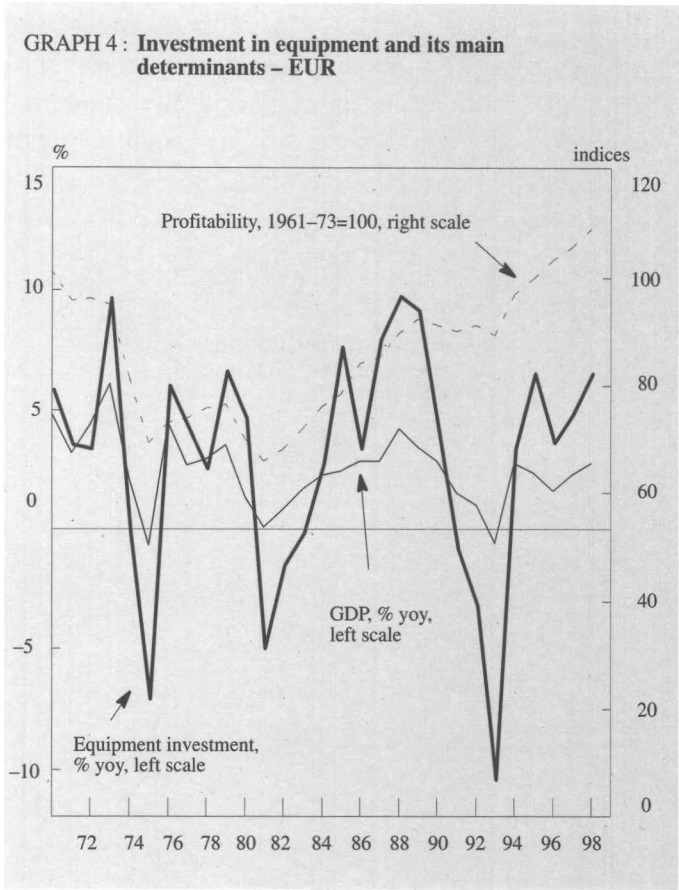
1996 at the country level. The assessment of economic activity was most noticeably upgraded in Germany

to 1 %), a decline in precautionary savings and, increasingly, from employment creation. The households' savings ratio should edge down slightly in the EU as a whole from 12.9 % in 1996 to about 12½ % in both 1997 and 1998.

the EU, according to the surveys, in the third quarter of 1996

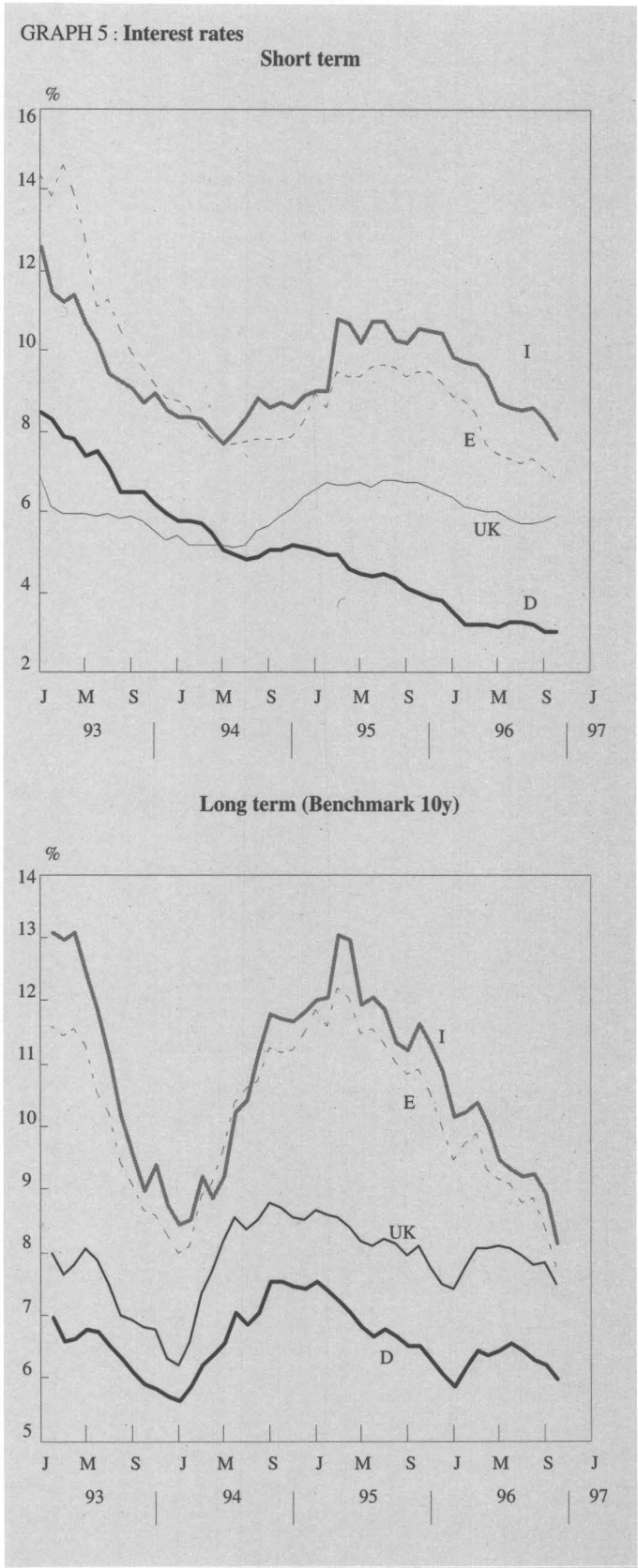
3. Factors underpinning the positive growth outlook

Domestic economic conditions, the international environment and the economic policy framework have all improved and will be the main contributing factors driving growth in Europe.



Investment in construction was disappointingly low during the first half of 1996 under the influence of a particularly harsh winter in some Member States. For 1996 as a whole activity in construction will fall by 0.2 % in the EU compared to an increase of 1.5 % in 1995. Construction investment is likely to decrease in Germany, Spain, France, Austria, Finland, and in the UK. Some of the factors explaining the fall in construction activity in these countries include the still hesitant climate in industry and the scaling back of public investment due to the serious consolidation efforts undertaken in order to reduce budget deficits.

However, **investment in equipment** in the EU despite a deceleration in the current year (3.8 % in 1996 compared to 6.7 % in 1995), should pick up to 5 % in 1997 and to expand at the same rate again as in 1995 in 1998. The rather strong outlook for investment in equipment is based on a constellation of favourable factors, such as falling interest rates, prospects for a revival in final demand, good levels of profitability and the end of falls in the capacity utilisation ratio for

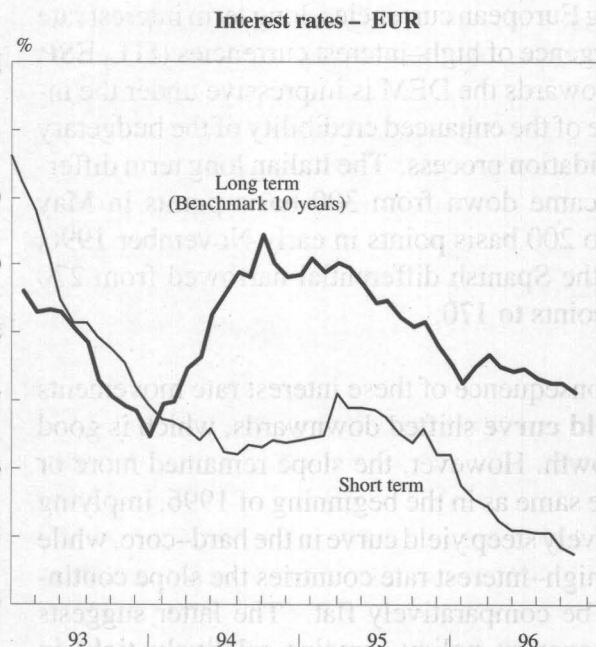
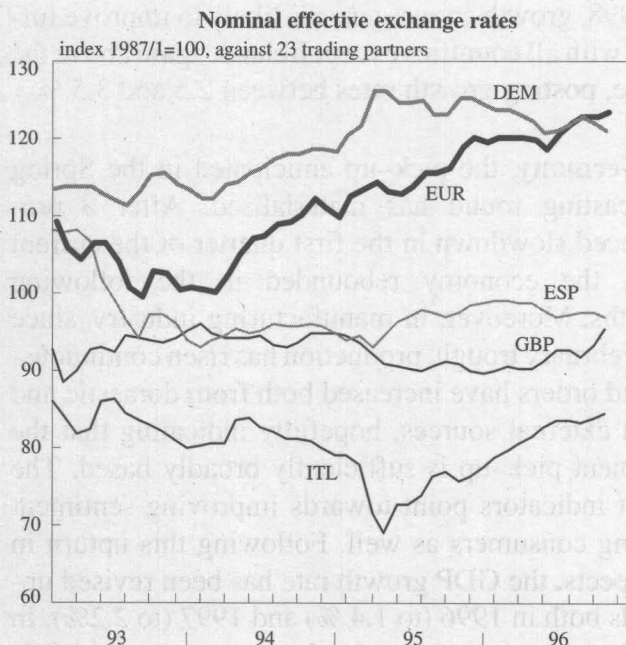
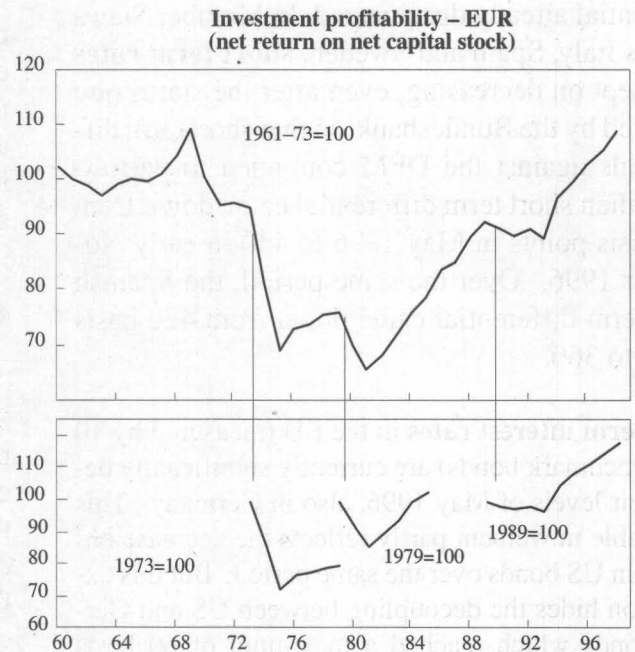
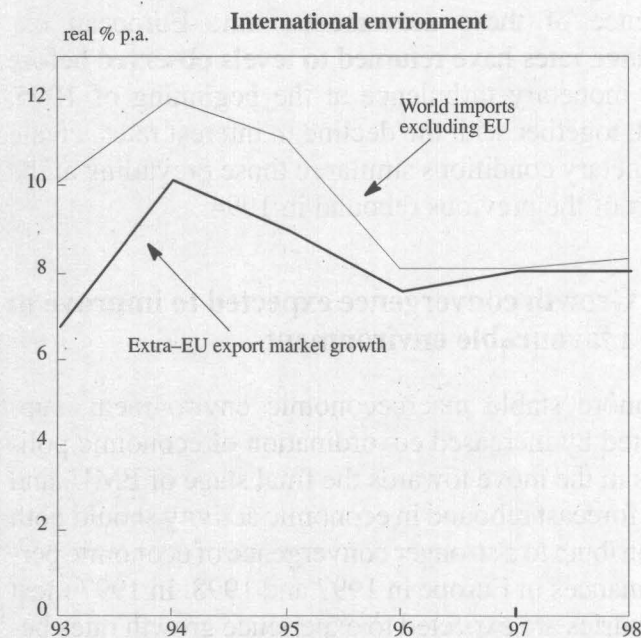


- **Supply-side fundamentals** in terms of investment profitability, borrowing costs, and wage moderation are sound and should improve further. To this is added an absence of inflationary pressures so that cost calculations and investment decisions can be made in a stable environment.
- **International environment remains favourable** – World imports (EU excluded) are forecast to expand at 8–8¼ %. The US economy could grow at a steady rate close to its potential value without

igniting inflationary pressures, while Japan should continue to recover. Central and eastern European countries should start benefiting from their structural reforms. Finally, most dynamic Asian economies are expected to maintain high growth rates.

- The most important factor shaping economic activity in the EU is probably the **rebalancing of the policy-mix**. The increased credibility of the budgetary consolidation process and the moderate evolution of wages cleared the way for an easing of

GRAPH 6 : Main forces shaping activity



monetary policy without threatening price stability. Economic agents (both governments and wage earners) have adapted their behaviour to take account of the determination of the increasingly independent central banks to pursue price stability. This means that stability conflicts, which were in the past an important obstacle to growth, are more likely to be avoided in the future.

Both short and long term interest rates have decreased significantly since May 1996. In Germany, the most recent Bundesbank repo rate cut was on 22 August 1996, bringing it down to 3.0%. Since that date, 3 month rates remained very close to 3% in Germany and in the countries where the short-term differential already disappeared. In Member States such as Italy, Spain and Sweden, **short term rates** have kept on decreasing, even after the status quo observed by the Bundesbank, so that short term differentials against the DEM continued to narrow. The Italian short term differential came down from 550 basis points in May 1996 to 440 in early November 1996. Over the same period, the Spanish short term differential came down from 420 basis points to 360.

Long term interest rates in the EU (measured by 10 year benchmark bonds) are currently significantly below their levels of May 1996, also in Germany. This favourable movement partly reflects the decrease observed in US bonds over the same period. But this explanation hides the decoupling between US and German bonds which reached a maximum of 60 basis points in mid-September 1996. In early November 1996, this spread faded somewhat, the German long rate being at 5.95%, while the US rate was at 6.30%. Among European currencies, long term interest rate convergence of high-interest currencies (ITL, ESP, PTE) towards the DEM is impressive under the influence of the enhanced credibility of the budgetary consolidation process. The Italian long term differential came down from 300 basis points in May 1996 to 200 basis points in early November 1996, while the Spanish differential narrowed from 270 basis points to 170.

As a consequence of these interest rate movements the **yield curve** shifted downwards, which is good for growth. However, the slope remained more or less the same as in the beginning of 1996, implying a relatively steep yield curve in the hard-core, while in the high-interest rate countries the slope continues to be comparatively flat. The latter suggests that monetary policy remains relatively tight in these countries. A further easing of monetary policy is conditioned by enhanced credibility of

fiscal consolidation and progress towards the euro.

As compared to the situation observed since the Spring forecasts, **exchange rate** changes remained limited, except for the British pound which surged by 7% against the DEM. The US dollar displayed some volatility and currently stands 2% below its DEM level of May 1996. The Exchange Rate Mechanism continued to be tension-free and was joined by the Finnish markka on 14 October 1996. Over the same period, the Italian lira appreciated against the DEM, reaching a peak of 950 ITL/DEM in early October, but recently dipped and returned to a level very close to the one of May 1996, while the Spanish peseta recuperated most of the ground it had lost against the DEM. As a consequence of these movements, intra-European exchange rates have returned to levels observed before the monetary turbulence at the beginning of 1995, and, together with the decline in interest rates, create monetary conditions similar to those prevailing at the start of the previous rebound in 1994.

4. Growth convergence expected to improve in a favourable environment

A more stable macroeconomic environment, supported by increased co-ordination of economic policies in the move towards the final stage of EMU, and the forecast rebound in economic activity should both contribute to a stronger convergence of economic performances in Europe in 1997 and 1998. In 1997 most countries are expected to experience growth rates between 2 and 3 %. Only Austria and Italy should perform at lower growth rates, while Ireland and Finland are estimated to record growth rates above that range. In 1998, growth convergence is likely to improve further, with all countries except Ireland, again above the range, posting growth rates between 2.5 and 3.5 %.

In **Germany**, the pick-up anticipated in the Spring forecasting round has materialised. After a pronounced slowdown in the first quarter of the current year, the economy rebounded in the following months. Moreover, in manufacturing industry, since the February trough, production has risen continuously and orders have increased both from domestic and from external sources, hopefully indicating that the incipient pick-up is sufficiently broadly based. The latest indicators point towards improving sentiment among consumers as well. Following this upturn in prospects, the GDP growth rate has been revised upwards both in 1996 (to 1.4 %) and 1997 (to 2.2%). In 1998 economic activity should rise at a rate of 2.8%. Private consumption, up by 1.8 % in 1996, should grow less strongly in the second half of the current

year and in 1997 owing to the negative effects of public finance consolidation on disposable income, which will be partly compensated by a decline in households savings. However, in 1998, a strong acceleration in disposable income should determine a new pick-up in private consumption. Fixed capital formation is expected to accelerate throughout the forecasting period, with construction investment remaining significantly more subdued than equipment investment partly because of the termination of fiscal benefits operating in 1995 and 1996. As regards equipment investment, the already visible recovery in demand and in business confidence is creating a more investment-friendly environment. Exports are set to gain from the growth in world markets and from an acceleration of investment in Europe. In addition, German manufacturers have become more competitive thanks to extensive rationalisation of production, and the strong 1995 appreciation of the DEM has been largely corrected.

In France, gross domestic product has experienced very contrasting trends in recent quarters, due in part to exceptional circumstances. All in all, economic activity has stagnated since the Spring of 1995. The rate of GDP growth is estimated to be only 1.1% this year. However, the results of the most recent surveys suggest a slight improvement in expectations and support the view that the economy will become more buoyant in the second half of 1997. GDP growth should be 2.1% in 1997 and 2.7% in 1998. Private consumption has risen at a rate above 2% in 1996, thanks to the fall in the savings ratio as the increase in households' real disposable income has been only marginal. However, households' expectations concerning unemployment are worsening and this will affect consumer expenditure in the second half of the current year and in the first part of 1997. As a result, private consumption will to rise by only 1.4% on average in 1997. By contrast the other demand components will be subject to a more favourable trend in 1997 and 1998 than at present. World demand for French goods should rise significantly over the coming two years, and exports will again be a driving force behind growth. Improved demand expectations should then lead to a recovery of gross fixed capital formation.

In Italy, the economy is experiencing a steady slowdown in growth as a consequence of domestic stabilisation and exports running out of steam following the appreciation of the ITL. Moreover, most indicators of activity have been reversed since the last forecast. As a result, growth prospects have been strongly revised downwards. GDP growth is expected to decelerate to around 0.8% in 1996 and to recover very

mildly throughout 1997. Growth could accelerate on a more sound basis in 1998. Increasing uncertainty about future income, affected by fiscal consolidation measures and, particularly by gloomy employment prospects will induce a further deceleration of private consumption growth in 1997, despite a fall in the households' saving ratio. Consumer spending, however, could recover in 1998, backed by the improvement in confidence and in labour market conditions. Business fixed investment expenditure could recover mildly in 1997 and gather momentum in 1998, while the substantial forecasted decline in nominal long-term interest rates should also boost investment in construction in 1997 and 1998. Export growth is foreseen to decelerate in 1996 as both export price competitiveness and market growth have deteriorated. Export performance should markedly improve thereafter in parallel with the strengthening of European economies. The re-entry of the ITL into the ERM on 25 November 1996 occurred at an exchange rate slightly stronger (about 2%) than the one implied by the usual technical assumption on which the exchange rate forecasts are based. This does not alter the general picture of the forecast.

The UK economy, now entering its fifth year of recovery, seems to be at a different stage in the cycle relative to the other European countries. GDP growth in 1996 is estimated at 2.3% mainly due to a pick-up in consumer spending (up by about 3% on average in 1996). The continued existence of a negative gap between current GDP and potential GDP should enable the UK economy to grow above the annual potential growth rate of 2½% over the next two years without capacity constraints. As a consequence, no major labour market pressures are expected. Accordingly, GDP growth of 3% is a realistic expectation for both 1997 and 1998. Strong growth in consumers' expenditure (of around 3½% in both 1997 and 1998) is expected to be the major contributor to growth. Consumption will be buoyed by modest increases in real wages, rising confidence partly associated with rising house prices and falling unemployment, and a marked rise in household financial wealth. Fixed investment is likely to maintain its recovery in 1997 and 1998 (rising by 5.6% and 5% respectively) but it will be somewhat dampened by the lack of major constraints to capacity. Exports of goods are expected to remain competitive over the forecast period and market shares should be maintained, despite the recent strength of the GBP.

As regards the other EU countries, economic growth in 1996 has been revised upwards in most of them but it still represents a slowdown compared to 1995. An

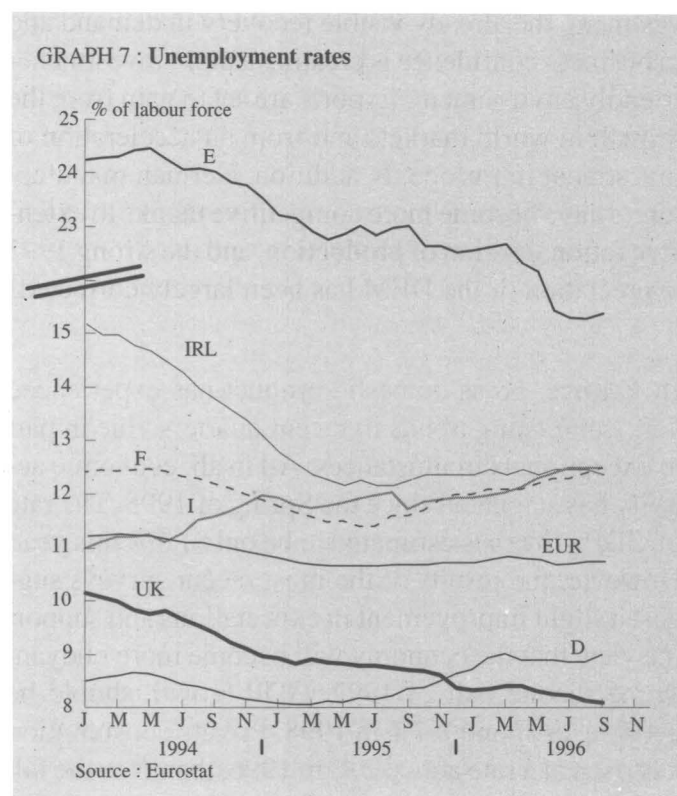
acceleration of economic activity in 1997 is forecast in all countries, apart from **Ireland** which is nevertheless still expected to experience the highest growth rate in the EU. **Belgium, Denmark, Greece, the Netherlands and Portugal** are expected to perform better than in 1995, while **Spain and Austria** should be very close to their 1995 growth performance. In the case of **Sweden** a marked slowdown in both export and investment growth will be the principal factor explaining a growth rate in 1997 largely below the 1995 value, while as regards **Finland** declining export growth should drag down the 1997 growth rate. In 1998, GDP growth is expected to accelerate further in most countries, while in the few economies where growth is projected to decelerate the growth performance still remains very satisfactory.

5. A gradual improvement in the labour market situation

Given the weakness of economic activity in 1996, particularly in the first half of the year, average **employment** in the European Union will remain roughly flat in 1996. Accompanying the recovery, employment is forecast to increase by 0.6 % in 1997, accelerating further to close to 1 % in 1998. With the assumed GDP growth, this leads to labour productivity growing on average in the EU by 1.5% in 1996, 1.8% in 1997 and, with 1.9% in 1998, nearly back to its long-term trend.

Taking into account the development of the labour force, the average **unemployment** rate in the EU may move only slowly downwards initially. It should remain at 10.9% of the labour force in 1996 (unchanged on 1995), and decrease very slightly to 10.8% in 1997. In 1998, a more visible decline is possible, with a forecast fall in the unemployment rate of about half a percentage point to 10.4 % of the labour force. With respect to individual countries, two of the major economies of the EU have suffered a sharp rise in unemployment between 1995 and 1996 : +0.8 of a percentage point in both Germany and France. However,

compared to 1996, unemployment in 1997–1998 is expected to decrease (or stabilise in the worst case) in virtually all the member countries. Some Member States are forecast to show a better job creation performance linked to their strong growth rates (IRL, NL, FIN, UK), while in others this is related to labour market reforms including changes with regard to part-time work. This is also the case in Denmark in 1996, although there the reduction is due more to measures affecting the supply of labour.



6. Continuation of the low inflation trend

The average **inflation** rate in the EU, as measured by the private consumption deflator, will decline further in 1996 to 2.6 % from 3 % in 1995, and a further reduction to 2.2 % will be realised in 1997 and 1998. However, price increases are accelerating moderately (by $\frac{3}{4}$ to 1 percentage point) from low levels in Denmark, Ireland, Finland and Sweden over the forecast horizon, but the inflation rate in 1998 remains restricted in these countries to about 2½% (to 2 % in

TABLE 3 : **Labour market outlook – EUR**
(Annual percentage change, unless otherwise specified)

						Estimate	Forecast	Scenario	
	61–73	74–85	86–90	91–95	96–98	1995	1996	1997	1998
Population of working age (15–64 years)	0.6	0.8	0.4	0.3	0.3	0.2	0.3	0.3	0.3
Labour force	0.3	0.7	0.9	−0.1	0.4	0.1	0.3	0.4	0.5
Employment	0.3	0.0	1.3	−0.6	0.5	0.5	0.1	0.6	0.9
Unemployment rate (%) ¹	2.4	6.4	9.0	10.2	10.7	10.9	10.9	10.8	10.4
Labour productivity, whole economy	4.4	2.0	1.9	2.1	1.7	1.9	1.5	1.8	1.9

¹ Eurostat definition.

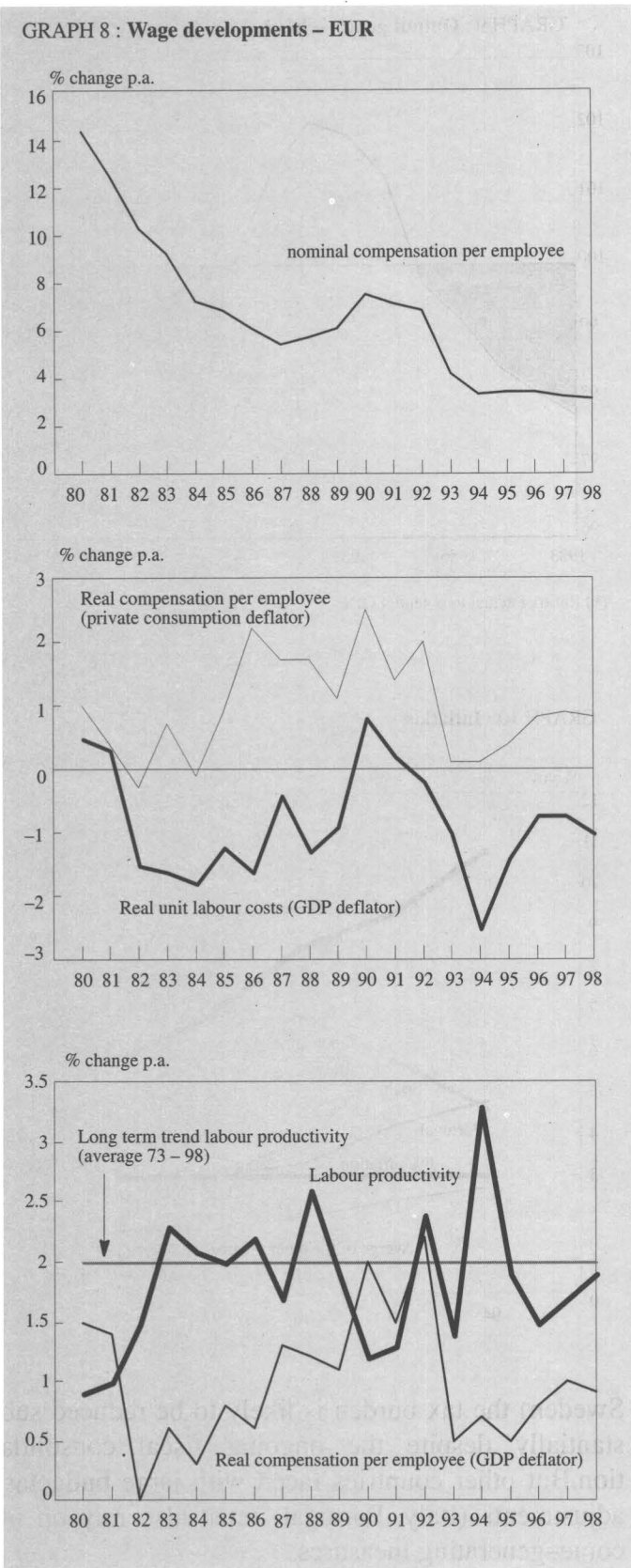
Finland), while in the United Kingdom inflation remains virtually unchanged at 2½ % over the forecast horizon.

With Spain, Italy and Portugal joining the group of Member States which in 1997 have inflation rates below 3 %, 14 Member States should attain 3 % or below with 8 near 2 % or below. Also in Greece the inflation rate, which was 9.3 % in 1995 on average is declining rapidly, by somewhat more than 1 percentage point per year on average over the forecast horizon. Based on these calculations, most Member States will not have any problems in meeting the inflation criterion. However, in Spring 1998 this criterion will be assessed on the basis of observed, as opposed to forecast data. Furthermore, harmonised consumer price indices and not the private consumption deflators will be used, but the difference between these two indicators for inflation is not likely to be very large.

7. Significant improvement in reducing budget deficits

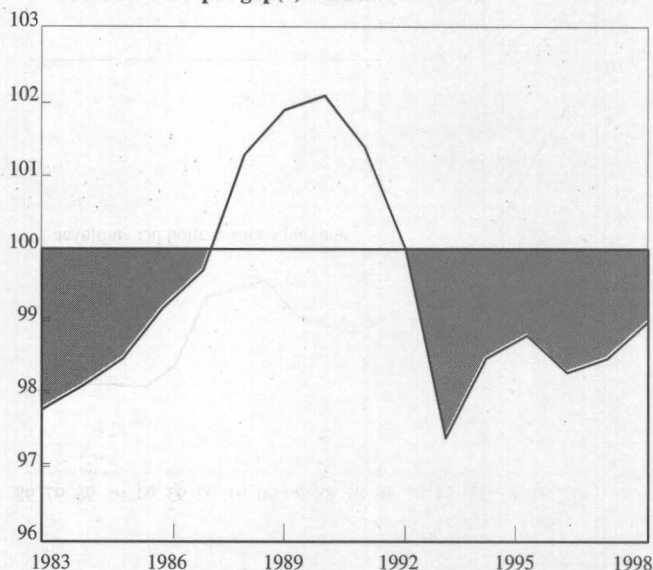
The public finance forecasts for 1997 are made on the usual assumption that only the measures adopted or known in sufficient detail and compatible with the ESA accounting rules are to be included. Most countries have recently presented budgets aimed at reaching a 3 % deficit/GDP ratio or less. The forecasts assume that the budgets are fully implemented. Greece, which has an official target of 4.2 % for 1997, and the United Kingdom, which stresses equilibrium in a medium term perspective, had not presented their budgets at the time of finalisation of the Autumn forecasts and in consequence their measures have not been included in the forecasts. For 1998, the scenario is based on the assumption of no change in policy; this means presently known measures and trends are extrapolated.

Members States are taking important measures to bring order to their public finances. The average **deficit/GDP ratio** in the EU should fall from 5 % in 1995 to 4.4 % in 1996 and to 3 % in 1997. A further improvement to 2.5 % of GDP is possible in 1998, suggesting that budgetary consolidation is on a sustainable path. Twelve Member States are likely to have a deficit/GDP ratio at or below 3 % in 1997.



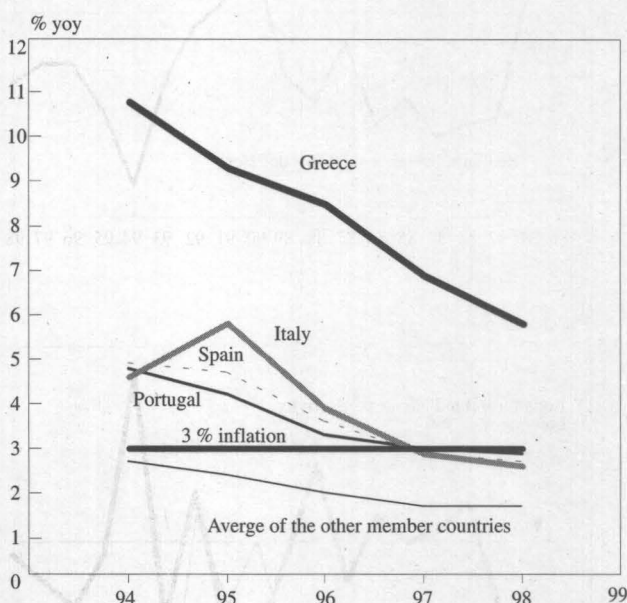
Based on the EU average the consolidation effort between 1996 and 1998 amounts to 2 % of GDP which is to be realised by reducing expenditure. On the basis of the forecasts it would also appear possible to have a small reduction of the average tax burden in the EU. In some countries (Denmark, the Netherlands and

GRAPH 9 : Output gap(*) – EUR



(*) Ratio of actual to potential GDP

GRAPH 10 : Inflation



Sweden) the tax burden is likely to be reduced substantially despite the ongoing fiscal consolidation. But other countries faced with large budgetary adjustments (Italy, Portugal) must also rely on income-generating measures.

Some Member States' budgets for 1997 include treasury operations. The compatibility with the ESA rules of the French Telecom transfer to the State (0.45 % of GDP) has been verified and is taken into account. Also in Italy, treasury operations have been examined; operations amounting to 0.3 % of GDP were included in the calculation of the Italian deficit, but other measures (0.3 % of GDP) are still under examination and contribute to the explanation of the difference between the national and the Commission forecast.

TABLE 4 : Inflation outlook – EUR
(Annual percentage change)

			Esti- mate	Fore- cast	Scen- ario
	'94	'95	'96	'97	'98
Private consumption deflator	3.3	3.0	2.6	2.2	2.2
GDP deflator	2.6	2.9	2.6	2.1	2.2
Compensation per employee	3.3	3.4	3.4	3.2	3.1
Unit labour costs	0.0	1.5	1.9	1.4	1.2
Import prices of goods ¹	3.2	3.9	0.7	1.6	1.9

¹ Including intra-EU imports.

While the average **debt/GDP ratio** of the European Union was steadily increasing recently, the continuous effort towards budgetary consolidation will, for the first time since 1988/89, result in a decline in 1998. The debt/GDP ratio will peak at 73.7 % in 1997, but should decrease afterwards to 72.9 % in 1998. Only 3 countries (France, Luxembourg and the United Kingdom) had a debt/GDP ratio below 60 %, and, based on the information included in the forecast, this will not change over the forecast horizon. However, among the other countries, 9 Member States will have been for a shorter or a longer period on a diminishing path in 1997. Only in Germany, Austria and Finland the debt/GDP ratio is not declining, but privatisation plans in some of these countries were not known in sufficient detail to be incorporated in the forecasts.

THE EU EXTERNAL ENVIRONMENT

1. World Trade: still dynamic growth

Prospects regarding **world output growth (EU excluded)** have not significantly changed relative to the last Spring forecast: economic activity could expand at 4¼% in 1996 and 1997 (against around 3½% in 1995), and mildly accelerate in 1998 to 4½%. The Dynamic Asian Economies (DAE) and the remaining Asian countries should grow at rates largely above the average.

World imports (EU excluded) are forecast to grow at the sustained rate of 8–8¼% in 1996/1998. This is somewhat lower than the growth rates of around 10% experienced since 1993, but is still very satisfactory.

2. United States: sustained expansion

In the **United States**, although economic activity is currently growing on average at a rate close to its potential and the unemployment rate has fallen to an historically low level (5.2% of the labour force in Octo-

ber 1996), there is no clear evidence of reviving inflationary pressures. The Autumn 1996 forecast revised slightly upwards average GDP growth in the current year to 2.4% due to a stronger than expected performance in the first half of 1996. However, a moderate slowdown in domestic demand excluding stockbuilding is expected in the second half of 1996 as a result of the deterioration in households' financial situation (defaults on consumer credit). Moreover, the rise in mortgage rates should contract activity in residential construction. This scenario of non-inflationary growth close to the potential rate is likely to continue both in 1997 and 1998: GDP should grow by a rate just below 2.5% in both years with investment forecast to remain the most dynamic component of domestic demand. The forecasted recoveries in Europe and Japan are expected to bolster growth of US goods exports.

3. Japan: progressive recovery

Economic activity in **Japan** in 1996 is expected to be brighter than forecast in the spring: GDP growth has been revised upwards by one percentage point to 3.8%. However, its profile is estimated to be very sharp, with a booming economy in the first half of the year (GDP up by around 7%) being followed by a contraction. This profile is in line with the expected development in public investment. Uncertainties still exist as to whether private domestic demand will take over from public expenditure in boosting the economy. However, the exchange rate is no longer squeezing exports and profits. Moreover, monetary policy remains on an expansionary stance. All in all, after the fall in the second half of 1996, growth should recover in the course of 1997, supported by good performances from exports and equipment investment. On average in 1997, GDP growth is forecast to be slightly below 2%. Economic activity should gain momentum in 1998, fuelled by stronger domestic demand, including pri-

vate consumption, and still steady exports, leading to an average growth rate of 2.8%.

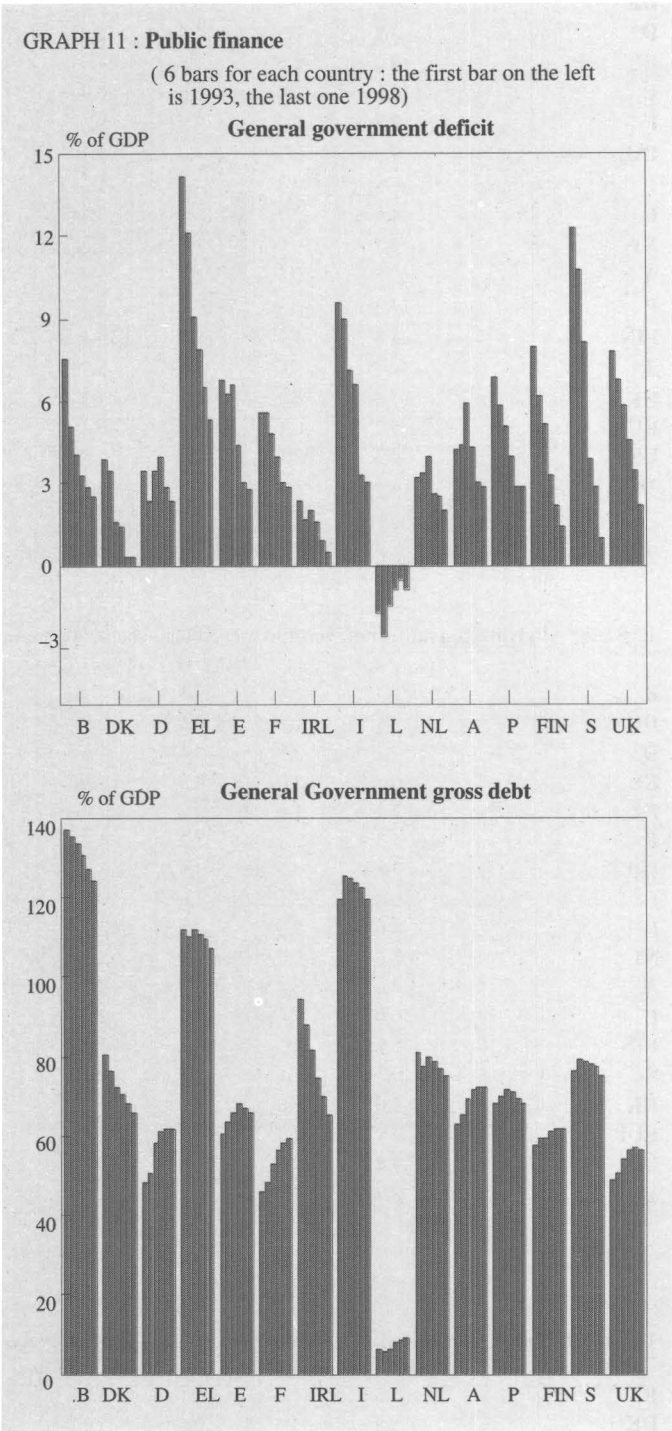


TABLE 5 : General government budgetary position – EUR (Percent of GDP)					
	Estimate		Forecast		Scenario
	1994	1995	1996	1997	1998
Current receipts	45.9	45.8	46.2	46.4	46.1
Expenditure	51.3	50.9	50.6	49.4	48.5
Actual balance	-5.4	-5.0	-4.4	-3.0	-2.5
Primary balance	-0.1	0.4	1.1	2.2	2.5
Cyclically-adjusted deficit ¹	-4.9	-4.7	-3.9	-2.5	-2.4
Gross debt	68.1	71.3	73.5	73.7	72.9

¹ For a description of the mechanical method of cyclical adjustment, see "Technical note: the Commission services' method for the cyclical adjustment of governments budget balances", European Economy review, n° 60, 1995.

TABLE 6: **International economic environment**
(Real annual percentage change)

	Weights*	'94	'95	Estimate '96	Forecast '97	Scenario '98
World output	100.0	3.5	3.3	3.6	3.8	4.2
EUR	23.3	2.8	2.4	1.6	2.3	2.8
World excl. EUR	76.7	3.7	3.6	4.2	4.3	4.6
– USA	20.6	4.1	2.0	2.4	2.3	2.4
– Japan	7.7	0.5	0.8	3.8	1.8	2.8
– CCEE ¹ + FSU ²	5.3	-7.4	-1.7	0.7	2.8	4.1
– DAEs ³	5.1	8.0	8.0	7.1	7.2	7.2
World imports excl. EUR⁴	61.4	10.3	11.1	8.1	8.1	8.3
– USA	15.9	13.5	8.9	6.8	7.5	7.2
– Japan	6.3	13.3	13.5	10.5	6.7	9.8
– CCEE ¹ + FSU ²	4.2	6.7	7.5	8.6	10.2	8.0
– DAEs ³	13.8	17.1	15.1	10.2	9.5	9.4
Extra-EU export market growth		10.5	9.3	7.6	8.1	8.1

* GDP weights based on GDP at current prices and PPS in 1995; Import weights based on import at current prices and current exchange rates in 1995

¹ Countries from Central and Eastern Europe (including the Baltic States);

² Former Soviet Union (excluding the Baltic States);

³ Dynamic Asian Economies;

⁴ Goods only.

4. Central and Eastern Europe: marked differences in growth performances

In Central and Eastern European countries, significantly varied growth performances are forecast in the associated countries and in the former Soviet Union. In the **ten associated countries**, the forecast has been revised downwards and GDP is estimated to grow at

TABLE 7: **Real GDP growth in CCEE and FSU**
(Annual percentage change)

	Weights*	1993	1994	Estimate 1995	Forecast 1996	Scenario 1997
Central and Eastern Europe	35.4	4.0	5.4	3.9	4.1	4.5
– Bulgaria	2.3	1.4	2.6	-7.6	-3.1	1.1
– Czech Rep.	5.7	2.6	4.8	5.0	5.3	5.5
– Hungary	3.9	2.9	1.7	1.2	2.7	3.5
– Poland	13.2	5.2	7.0	5.9	5.1	5.4
– Romania	5.8	3.9	6.9	4.5	4.2	3.5
– Slovakia	1.9	4.9	7.4	5.0	4.6	4.5
– Slovenia	0.8	4.9	3.5	3.5	4.1	4.5
– Estonia	0.4	-2.7	2.9	4.1	4.5	5.2
– Latvia	0.5	1.9	-1.6	2.0	2.2	2.9
– Lithuania	0.8	1.0	2.7	1.1	2.7	2.8
Former USSR (excl. Balts)	64.6	-15.3	-5.6	-1.2	1.9	3.8
– Russia	42.7	-12.6	-4.0	0.0	2.5	4.0
– Ukraine	8.5	-23.0	-11.8	-8.5	-2.0	3.0
CCEE + FSU	100.0	-9.4	-1.7	0.7	2.8	4.1

* GDP weights based on GDP at current prices and PPS in 1995.

about 4% both in 1996 and 1997, mainly sustained by domestic demand. Despite the improvement in competitiveness, the trade balance will deteriorate further because of continued strong domestic demand generating sustained imports.

In the former Soviet Union, growth forecasts have been scaled downwards. Contrary to the Spring forecast, the decline in output in Russia is being halted but not reversed in 1996. A moderate pick-up is envisaged in the coming years, with GDP growing by 4% on average in 1998. While in the Ukraine positive growth is forecast only in 1998, the other former Soviet Union countries should record a growth profile roughly similar to that of Russia.

5. Dynamic Asian Economies: maintaining high growth rates

Economic activity is slowing down, but it remains the most dynamic region in the world with average GDP growth of more than 7 % in 1996/1998, down from 8 % in 1994/95. Among the factors which explain the cyclical downturn is the disappearance of the advantages linked to the strong Yen until mid-1995 which boosted competitiveness. Moreover, restrictive policies were implemented in these countries confronted with overheating and a deteriorating current balance. However a strong deceleration in economic activity is not expected because the high rate of investment in the recent past has enhanced productive capacity, while a further monetary tightening is not envisaged.

RISKS AND UNCERTAINTIES SURROUNDING THE ECONOMIC OUTLOOK

The main risk to the present set of forecasts seems to reside in the emergence of doubts on the determination of governments to accomplish the process of fiscal **consolidation** in terms of the full implementation of the 1997 budgets. This could lead to adverse reactions in financial markets, which may be reinforced by unforeseeable movements in the US dollar. The likely negative effects on both consumer confidence and the investment climate could undermine the recovery. However, the firm commitment towards the achievement of EMU, as reflected in political declarations and in the state of the advancement of the technical preparations, attenuate to a large extent this uncertainty.

Linked largely to the world–wide imbalance between saving and investment, **real long term rates remain relatively high** and they represent a drag on investment, although their negative impact is to a large extent offset by high and increasing profitability. Regarding the very near future, a risk consists in a weak pick–up in production failing to provoke an effect on investment, while in a medium–term perspective the lack of investment could lead to capacity constraints.

The results from the **surveys** among European managers and consumers start to confirm a rebound in activity but the indicators remain subdued in comparison to their long–term average. One can however notice a slight improvement in consumer confidence

in October and a continued increase in industrial confidence over the last three months to October.

Stock markets in the US and in Europe are currently registering historically high levels reflecting the decline in interest rates and the increase in investment profitability. A correction, with all of the uncertainties surrounding it, cannot be excluded. Some comfort can, however, be taken from the stock market crash in 1987, which did not provoke the world–wide contractionary effect which was feared at that time.

25 November 1996

DETAILED AUTUMN 1996 ECONOMIC FORECASTS

TABLE 1 : Gross domestic product, volume (percentage change at constant prices on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,9	1,7	3,2	1,2	2,1	1,7	-1,4	2,3	1,9	1,4	2,2	2,7
DK	4,3	2,0	1,4	2,0	2,8	0,2	1,5	4,4	2,8	2,1	3,1	3,0
D*	4,3	1,7	3,4	2,2	2,1	2,2	-1,1	2,9	1,9	1,4	2,2	2,8
EL	7,7	2,5	1,9	1,2	2,6	0,4	-1,0	1,5	2,0	2,4	2,5	2,8
E	7,2	1,9	4,5	1,3	2,7	0,7	-1,2	2,1	2,8	2,1	2,7	3,2
F	5,4	2,2	3,2	1,1	2,0	1,2	-1,3	2,8	2,2	1,1	2,1	2,7
IRL	4,4	3,8	4,6	5,7	6,3	4,6	3,7	7,3	10,7	7,8	5,8	5,2
I	5,3	2,7	3,0	1,1	1,6	0,6	-1,2	2,1	3,0	0,8	1,4	2,6
L	4,0	1,8	4,6	2,3	2,9	1,9	0,0	3,3	3,4	2,3	2,8	3,8
NL	4,9	1,9	3,1	2,1	2,8	2,0	0,8	3,4	2,1	2,5	2,8	3,0
A	4,9	2,2	3,0	2,0	1,7	2,0	0,4	3,0	1,8	1,0	1,6	2,5
P	6,9	2,2	5,1	1,1	2,8	1,1	-1,2	0,8	2,3	2,5	2,8	3,2
FIN	5,0	2,7	3,4	-0,7	3,0	-3,6	-1,2	4,4	4,2	2,3	3,7	3,1
S	4,1	1,8	2,3	0,1	2,1	-1,4	-2,2	2,6	3,0	1,7	2,1	2,5
UK	3,1	1,4	3,3	1,2	2,8	-0,5	2,2	3,8	2,4	2,3	3,0	3,0
EUR*	4,8	2,0	3,3	1,4	2,3	0,9	-0,5	2,8	2,4	1,6	2,3	2,8
USA	3,9	2,3	2,8	2,3	2,4	2,5	3,4	4,1	2,0	2,4	2,3	2,4
JAP	9,7	3,4	4,6	1,3	2,8	1,1	0,1	0,5	0,8	3,8	1,8	2,8

TABLE 2 : Deflator of gross domestic product (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,1	6,8	3,0	2,9	1,8	3,6	3,8	2,5	1,4	1,7	2,0	1,8
DK	7,0	9,0	3,9	1,9	2,1	3,2	0,7	1,7	1,7	1,7	2,2	2,5
D*	4,4	4,1	2,4	3,5	1,5	5,5	3,9	2,2	2,2	1,5	1,4	1,6
EL	4,5	17,7	16,5	13,7	7,5	14,6	14,1	10,9	9,3	8,8	7,2	6,3
E	7,2	15,0	7,4	5,4	3,3	6,8	4,3	3,9	4,9	3,9	3,0	3,0
F	5,0	10,2	3,4	2,2	1,5	2,1	2,5	1,5	1,7	1,6	1,4	1,5
IRL	7,2	12,8	3,2	1,9	2,4	2,1	4,3	1,1	0,5	2,3	2,3	2,4
I	5,5	16,3	6,9	5,0	3,3	4,7	4,4	3,5	5,0	4,9	2,6	2,4
L	4,4	6,7	4,0	5,3	2,1	5,0	10,0	3,6	3,5	2,5	1,5	2,3
NL	6,0	5,4	0,8	2,1	1,8	2,3	1,9	2,0	1,4	1,6	1,8	1,9
A	4,6	5,5	2,9	3,4	1,6	4,1	3,4	3,4	2,1	1,7	1,5	1,7
P	3,9	20,8	13,2	8,6	3,4	13,5	7,4	5,2	5,0	3,7	3,6	3,0
FIN	6,8	10,7	5,6	1,9	1,8	0,7	2,4	1,3	2,7	1,7	1,7	2,0
S	4,9	9,8	7,0	3,6	2,3	1,0	2,6	2,8	4,1	1,9	2,4	2,5
UK	5,1	12,4	5,5	3,7	2,6	4,4	3,2	2,1	2,4	2,6	2,5	2,7
EUR*	5,2	10,6	4,9	3,9	2,3	4,5	3,7	2,6	2,9	2,6	2,1	2,2
USA	3,6	7,0	3,6	2,5	2,1	2,4	2,0	2,1	2,5	2,1	2,2	2,0
JAP	6,0	5,6	1,4	1,0	0,6	1,7	0,6	0,3	-0,5	0,0	0,7	1,0

TABLE 3 : Final domestic demand, volume (percentage change at constant prices on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,8	1,2	3,7	1,0	1,7	2,0	-1,5	1,4	1,6	1,5	1,8	1,8
DK	4,6	1,3	0,4	2,1	2,3	-0,1	0,8	5,8	4,6	1,2	2,8	2,8
D*	4,5	1,3	3,5	2,2	1,6	2,8	-1,3	2,8	2,1	0,9	1,6	2,4
EL	7,9	2,0	2,5	1,6	3,3	0,3	-0,7	1,2	3,3	3,2	3,2	3,4
E	7,7	1,3	6,6	0,7	2,8	1,0	-4,2	1,1	3,1	2,0	2,9	3,7
F	5,6	1,8	3,8	0,7	1,8	0,2	-2,2	3,0	1,9	0,8	2,0	2,6
IRL	5,1	2,1	3,3	2,6	5,1	0,0	0,7	6,0	5,9	7,1	4,4	3,8
I	5,3	2,4	3,5	0,1	1,2	0,7	-5,1	1,3	2,0	0,2	0,8	2,5
L	4,1	1,5	5,5	2,6	2,9	0,8	-0,3	2,3	2,6	3,6	2,3	2,9
NL	4,9	1,6	3,0	1,5	2,7	1,6	-1,1	3,1	2,2	2,4	2,6	3,1
A	4,9	1,9	3,4	2,9	1,2	2,2	-0,2	5,9	3,8	0,9	0,8	1,8
P	7,3	1,1	7,3	2,4	2,9	4,3	-0,9	1,5	2,1	2,5	3,1	3,2
FIN	5,0	2,5	4,0	-3,1	3,2	-6,4	-6,4	3,6	3,7	2,8	3,7	3,0
S	3,7	1,5	2,9	-1,2	1,3	-1,8	-5,2	1,8	1,6	0,7	1,6	1,7
UK	3,2	1,2	4,0	0,8	2,9	0,2	2,1	3,3	1,5	2,4	3,2	3,1
EUR*	4,9	1,6	3,9	1,0	2,0	1,1	-1,8	2,6	2,2	1,4	2,0	2,7
USA	4,0	2,5	2,4	2,6	2,4	2,9	4,4	4,8	2,0	2,4	2,3	2,4
JAP	9,8	2,8	5,4	1,2	3,1	0,4	0,1	0,8	1,6	4,7	1,6	3,0

* Notes : see page 27.

TABLE 4 : Gross national product at current market prices (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	9,2	8,5	6,3	4,5	4,1	5,1	3,5	5,0	3,7	3,3	4,3	4,6
DK	11,6	10,8	5,4	4,3	5,2	3,8	2,7	6,2	5,2	4,1	5,6	5,8
D*	8,9	5,9	5,9	5,4	3,5	7,4	2,3	4,7	4,0	2,7	3,5	4,3
EL	12,5	20,3	18,9	15,4	10,1	14,9	14,0	12,8	11,6	11,3	9,8	9,2
E	14,9	17,1	12,3	6,8	6,0	7,4	3,4	5,1	8,9	5,8	6,1	6,2
F	10,7	12,5	6,7	3,4	3,5	3,0	1,1	4,5	4,2	2,8	3,5	4,2
IRL	11,7	15,9	7,7	7,2	7,7	5,9	6,4	7,6	9,9	9,3	7,1	6,8
I	11,0	19,3	9,9	6,2	5,2	5,0	3,2	5,9	8,2	6,1	4,2	5,2
L	9,0	11,3	7,9	4,4	4,3	2,5	-0,4	5,1	6,0	4,1	3,6	5,4
NL	11,2	7,4	3,9	4,3	4,5	4,1	3,0	5,8	3,5	4,1	4,6	4,9
A	9,7	7,9	6,0	5,5	3,3	6,5	3,8	6,7	4,1	2,7	3,1	4,2
P	11,2	22,8	20,1	9,7	6,3	15,5	5,4	6,0	7,1	5,5	6,8	6,6
FIN	12,0	13,6	9,0	1,0	5,2	-4,1	0,1	7,5	8,0	4,4	5,9	5,5
S	9,2	11,4	9,3	3,5	4,6	-1,2	-0,1	5,5	7,1	3,7	4,8	5,3
UK	8,5	13,9	8,7	5,2	5,4	4,8	5,5	6,2	5,0	5,1	5,3	5,6
EUR*	10,0	10,8	7,3	4,0	4,9	4,2	0,4	4,9	4,1	5,1	4,7	5,0
USA	7,7	9,5	6,5	4,7	4,5	4,8	5,4	6,0	4,5	4,6	4,5	4,5
JAP	16,2	9,1	6,1	2,3	3,6	3,0	0,8	0,7	0,3	3,9	2,8	4,0

TABLE 5 : Investment in construction, volume (percentage change on preceding year, 1971-98)*

	1971-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998*
B	2,3	-2,9	7,6	1,7	3,8	-2,1	1,4	1,8	2,9	4,3	4,1
DK	5,1	-3,4	0,0	-1,8	5,4	-8,8	3,2	8,7	6,9	4,8	4,4
D*	4,0	-1,4	3,1	4,4	-0,9	0,9	7,7	1,2	-3,0	-0,6	1,0
EL	12,6	-3,2	1,7	-1,8	9,4	-5,1	-3,0	2,1	9,1	9,6	9,5
E	7,3	-1,5	10,9	0,1	2,3	-6,6	1,2	6,8	-0,1	2,6	4,6
F	6,1	-0,8	5,3	-1,7	1,0	-6,3	-0,6	0,6	-0,2	1,3	1,9
IRL	8,0	0,6	2,6	3,8	8,6	-5,9	11,7	12,9	11,0	7,8	7,0
I	0,5	-1,4	2,1	-2,6	1,8	-6,3	-5,8	0,5	1,3	0,5	3,6
L	12,2	-2,8	10,2	-	3,9	-	-	2,5	3,5	3,2	5,0
NL	0,2	-1,6	3,8	0,7	3,9	-2,7	2,5	1,3	1,5	4,1	6,2
A	9,8	-0,7	5,0	5,2	-0,4	2,9	5,5	6,0	-1,3	-0,3	0,5
P	-	-	6,6	3,2	5,2	0,3	2,5	5,0	3,5	5,5	6,5
FIN	6,3	0,7	4,0	-10,8	4,4	-18,8	-3,8	2,3	-0,4	6,1	7,5
S	-0,5	-1,1	3,9	-9,1	4,5	-19,0	-9,6	-3,1	7,5	3,0	3,0
UK	2,0	-0,4	6,2	-1,8	2,8	0,9	0,0	-1,3	-0,3	4,1	4,7
EUR*¹	4,1	-1,1	4,8	-0,1	1,5	-3,8	1,1	1,5	-0,2	1,7	3,1
USA	6,4	1,2	-0,7	1,4	2,7	3,9	5,7	2,2	4,5	1,2	2,3
JAP	9,3	0,2	8,5	0,3	4,5	1,0	0,6	-3,6	11,8	-0,7	2,9

¹ EUR without Portugal up to 1985.

TABLE 6 : Investment in equipment, volume (percentage change on preceding year, 1971-98)*

	1971-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998*
B	3,1	2,4	11,7	-4,2	4,8	-12,4	-0,8	4,0	3,8	5,8	4,9
DK	3,8	3,5	1,6	1,0	4,9	-0,9	3,2	11,2	3,2	5,8	5,7
D*	0,2	1,6	7,2	-1,7	3,8	-14,1	-1,2	2,0	1,1	4,1	6,3
EL	11,8	0,7	2,7	6,8	7,4	1,1	6,3	11,5	7,3	7,4	7,5
E	10,9	-0,5	13,0	-2,8	8,2	-18,1	1,7	11,0	7,3	8,4	9,0
F	9,2	1,0	6,9	-0,3	3,3	-7,4	4,1	6,2	-0,4	3,5	6,9
IRL	13,8	1,6	5,6	-2,7	7,3	4,1	4,1	5,4	8,0	7,5	6,5
I	8,4	3,1	6,8	-0,9	4,9	-19,5	7,5	11,5	2,2	4,4	8,3
L	5,4	-2,6	20,4	-	6,6	-	-	5,0	9,8	5,0	5,0
NL	0,4	2,8	3,6	2,0	4,6	-2,7	-0,2	14,7	5,5	1,6	6,7
A	6,4	2,6	4,9	1,7	4,6	-8,2	8,8	6,1	4,6	4,1	5,3
P	-	-	13,9	0,2	5,0	-10,6	6,7	1,0	4,5	5,0	5,5
FIN	6,2	1,8	6,2	-9,8	10,7	-20,0	8,6	17,6	13,4	11,9	7,0
S	6,9	3,2	6,9	-1,1	7,3	-14,0	15,8	28,5	16,5	2,5	3,5
UK	4,0	2,1	5,3	-1,4	7,1	0,2	6,9	1,5	8,8	7,2	5,3
EUR*¹	5,4	2,0	7,0	-1,2	5,2	-11,3	3,6	6,7	3,8	5,0	6,7
USA	8,4	3,4	3,5	7,0	6,4	19,7	2,5	8,6	6,8	6,5	6,0
JAP	7,5	4,2	9,9	-1,7	5,3	-7,1	-3,9	3,6	6,5	3,5	6,0

¹ EUR without Portugal up to 1985.

TABLE 7 : **Total investment, volume** (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	5,1	-0,8	9,8	-1,1	4,3	1,8	-5,0	0,3	3,0	3,3	5,0	4,5
DK	6,5	-0,9	0,9	-0,5	5,1	-4,2	-4,7	3,0	10,2	4,9	5,3	5,1
D*	3,9	-0,3	4,8	1,8	1,0	3,5	-5,6	4,2	1,5	-1,4	1,2	3,1
EL	10,0	-1,6	1,7	1,4	8,5	-1,4	-2,8	0,5	6,3	8,3	8,6	8,6
E	10,5	-0,9	11,6	-0,9	4,5	-4,2	-10,6	1,4	8,2	2,6	4,8	6,3
F	7,7	-0,2	5,9	-1,1	2,0	-2,8	-6,7	1,3	2,8	-0,3	2,2	4,0
IRL	9,9	0,7	4,0	1,1	8,1	-2,5	-2,1	8,7	10,1	9,9	7,7	6,8
I	4,5	0,3	4,3	-1,7	3,4	-1,8	-12,8	0,2	5,9	1,8	2,5	6,1
L	4,9	-2,7	13,9	3,4	5,0	-2,1	3,9	2,4	3,5	6,0	4,0	5,0
NL	5,4	-0,0	3,7	1,2	4,2	0,6	-2,8	1,6	6,7	3,2	3,0	6,4
A	6,5	0,5	4,9	3,8	1,8	1,7	-1,6	6,8	6,0	1,2	1,6	2,6
P	7,9	-1,3	10,2	2,0	5,1	5,4	-4,8	3,9	2,8	4,0	5,2	6,0
FIN	4,8	1,1	4,8	-10,4	6,9	-16,9	-19,2	0,2	7,7	4,9	8,5	7,3
S	4,4	0,6	5,4	-5,7	5,9	-10,8	-17,2	-0,2	10,6	12,0	2,7	3,3
UK	4,6	0,7	5,7	-1,5	4,8	-1,5	0,6	3,7	-0,1	3,7	5,6	5,0
EUR*	5,7	-0,1	5,7	-0,4	3,1	-0,8	-6,6	2,5	3,6	1,5	3,1	4,7
USA	4,7	2,1	1,2	5,8	4,6	5,8	11,9	12,3	5,3	5,7	3,9	4,2
JAP	14,1	1,6	8,4	-0,1	5,0	-1,5	-2,0	-1,0	0,6	8,6	1,8	4,8

TABLE 8 : **Private consumption, volume** (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,3	1,8	2,8	1,4	1,2	2,3	-0,8	1,3	1,2	1,4	1,0	1,2
DK	3,8	1,5	0,5	2,9	2,5	1,9	2,4	6,6	2,3	2,5	2,4	2,7
D*	5,1	2,1	3,4	2,6	1,9	3,4	0,2	1,8	2,0	1,8	1,6	2,3
EL	6,7	3,0	2,8	1,6	2,0	1,8	0,1	1,5	1,6	1,8	1,9	2,2
E	7,2	1,6	4,7	1,0	2,6	2,1	-2,2	0,8	1,5	2,0	2,8	3,0
F	5,3	2,4	3,2	1,2	2,0	1,3	0,2	1,4	1,8	2,3	1,4	2,2
IRL	3,8	2,2	3,6	3,8	4,9	4,4	1,7	6,8	3,7	6,7	4,3	3,7
I	6,0	3,1	3,8	0,5	0,8	1,3	-3,4	1,0	1,2	0,5	0,2	1,8
L	4,6	2,6	4,0	2,4	2,3	1,7	-0,9	2,5	2,4	2,2	2,3	2,4
NL	5,6	2,0	2,8	2,2	2,2	2,5	1,0	2,2	2,1	2,5	2,0	2,2
A	4,6	2,4	3,0	2,2	1,4	2,8	0,7	2,5	1,9	1,2	0,8	2,1
P	6,0	1,4	5,4	2,2	2,4	3,7	0,4	0,2	1,8	2,3	2,3	2,5
FIN	5,2	2,5	3,7	-1,2	3,2	-4,9	-2,9	1,9	3,8	3,4	3,5	2,5
S	3,3	1,1	2,7	-0,5	1,6	-1,4	-3,1	0,8	0,3	1,0	1,7	2,1
UK	3,0	1,6	4,7	1,0	3,2	-0,1	2,6	3,0	2,0	2,9	3,4	3,3
EUR*	4,9	2,2	3,7	1,4	2,1	1,7	-0,3	1,8	1,8	2,0	1,8	2,4
USA	4,2	2,7	2,8	2,4	2,3	3,0	3,5	3,5	2,3	2,6	2,2	2,1
JAP	8,7	3,2	4,4	1,8	2,3	2,1	1,2	1,8	1,6	2,9	1,6	2,5

TABLE 9 : **Public consumption, volume** (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	5,5	2,2	-0,1	1,2	0,2	0,1	1,4	1,4	1,0	0,2	0,2	0,4
DK	5,8	3,0	0,6	1,1	1,4	0,4	3,0	1,4	0,8	1,8	1,2	1,2
D*	3,8	1,5	1,0	-0,4	1,5	2,0	0,2	-2,2	1,0	2,7	0,5	1,2
EL	6,2	5,2	2,3	0,0	0,8	-0,8	0,7	1,1	0,6	1,9	0,3	0,3
E	4,5	5,0	6,6	2,6	0,5	4,0	2,3	-0,3	1,3	0,2	-0,4	1,7
F	4,0	2,9	2,1	2,3	1,1	3,4	3,5	1,1	0,6	1,5	0,8	1,0
IRL	5,2	3,7	-0,6	2,6	2,0	2,4	1,1	3,4	3,0	2,4	2,0	1,5
I	4,0	2,6	2,1	0,5	-0,3	1,2	0,5	-0,0	-0,5	-0,5	-0,3	0,1
L	3,4	2,4	2,9	2,7	2,0	3,5	1,8	2,1	2,3	2,0	2,0	2,0
NL	2,9	2,8	2,2	1,1	1,6	1,7	1,5	0,2	0,6	1,2	1,7	1,8
A	3,2	2,9	0,9	2,4	0,5	2,1	3,1	2,2	2,1	0,3	0,0	1,2
P	9,1	6,7	6,1	3,2	1,7	1,4	0,0	1,4	2,5	2,0	1,5	1,5
FIN	5,4	4,3	3,2	-0,8	0,8	-2,2	-5,3	-0,3	1,3	1,3	0,2	0,7
S	4,9	2,7	1,6	0,1	-1,0	-0,0	0,2	-0,8	-2,3	-1,7	-0,6	-0,8
UK	2,5	1,4	1,4	1,2	1,0	-0,1	0,3	2,0	1,0	0,9	1,0	1,0
EUR*	3,8	2,5	2,0	1,1	0,9	1,6	1,2	0,4	0,7	1,2	0,5	0,9
USA	2,5	2,3	2,4	-0,3	1,0	-1,0	-0,8	-0,9	-0,3	0,6	1,0	1,5
JAP	5,9	3,8	2,5	2,1	1,8	2,0	2,4	2,2	1,9	3,2	1,3	1,0

* Notes : see page 27.

TABLE 10 : Price deflator of private consumption (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	3,7	7,4	2,4	2,6	2,0	2,1	3,0	3,2	1,6	2,0	2,1	2,0
DK	6,6	9,6	3,7	1,7	2,3	2,0	0,3	1,7	2,1	2,0	2,4	2,7
D*	3,5	4,3	1,5	3,4	1,8	4,8	3,9	2,7	1,9	1,8	1,7	1,8
EL	3,5	17,5	17,0	13,7	7,1	15,0	13,7	10,8	9,3	8,5	6,9	5,8
E	6,5	15,4	6,6	5,6	3,1	6,4	5,5	4,9	4,7	3,6	2,9	2,7
F	4,8	10,5	2,9	2,3	1,6	2,4	2,2	2,1	1,7	1,9	1,4	1,5
IRL	6,3	13,8	3,2	2,4	2,3	2,5	1,9	2,6	2,0	2,0	2,2	2,6
I	4,9	15,9	6,1	5,7	3,1	5,6	5,4	4,6	5,8	3,9	2,9	2,6
L	3,0	7,4	3,5	3,1	2,0	1,6	7,0	2,4	2,0	1,7	2,1	2,1
NL	5,1	5,7	0,9	2,4	2,0	3,1	2,1	2,7	0,9	1,9	2,0	2,0
A	4,1	5,9	2,1	3,2	2,0	3,9	3,4	3,0	2,3	2,0	1,9	2,0
P	3,9	22,2	11,7	7,6	3,1	11,1	7,1	4,8	4,2	3,3	3,0	2,9
FIN	5,7	10,8	4,5	3,1	1,5	4,1	4,2	1,4	0,2	0,9	1,6	2,0
S	4,8	10,2	6,5	4,7	2,2	2,2	5,7	3,1	2,7	1,7	2,3	2,6
UK	4,8	12,0	5,0	4,1	2,5	4,7	3,5	2,5	2,6	2,5	2,4	2,5
EUR*	4,7	10,7	4,3	4,1	2,4	4,7	4,1	3,3	3,0	2,6	2,2	2,2
USA	3,1	7,1	4,1	2,7	2,6	2,8	2,4	2,1	2,4	2,7	2,6	2,5
JAP	6,1	6,5	1,2	1,1	0,7	1,9	1,2	0,7	-0,5	0,3	1,1	0,7

TABLE 11 : Compensation of employees per head (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	9,0	9,4	3,8	4,8	2,3	5,9	3,5	4,4	2,5	1,6	2,6	2,6
DK	10,7	10,1	5,1	3,4	4,0	3,8	1,6	3,6	3,6	4,1	3,8	4,2
D*	9,1	5,8	3,5	5,5	2,5	10,6	4,3	3,4	3,6	2,6	2,5	2,5
EL	10,1	21,6	17,9	11,4	9,3	8,2	10,1	11,9	12,7	11,1	9,2	7,5
E	14,6	18,0	7,7	6,1	3,4	9,7	6,5	3,1	3,0	3,9	3,2	3,0
F	9,9	12,9	4,2	3,1	2,3	4,2	2,8	2,2	2,3	2,2	2,2	2,5
IRL	11,3	16,6	6,0	4,2	4,2	6,3	6,7	2,3	1,1	4,0	4,2	4,3
I	11,5	18,2	8,8	5,3	4,5	5,8	3,7	3,0	5,2	6,2	4,1	3,1
L	7,4	9,2	5,3	4,9	3,6	5,5	5,2	3,7	3,8	3,4	3,7	3,6
NL	11,4	6,6	1,7	3,4	2,1	4,7	3,3	2,4	2,0	1,0	2,3	2,9
A	9,6	7,9	4,4	4,7	2,8	5,9	4,6	3,1	3,8	2,9	2,4	3,2
P	10,9	24,1	16,7	10,2	4,9	9,4	9,1	8,2	5,3	5,8	5,0	4,0
FIN	11,2	13,4	8,8	3,3	3,4	1,9	1,0	3,5	4,7	4,0	3,2	2,9
S	8,4	10,7	9,2	4,7	4,5	3,9	4,4	5,4	3,1	6,6	4,3	2,9
UK	8,3	13,9	8,3	4,9	3,9	5,2	4,3	3,5	2,9	3,3	4,1	4,3
EUR*	9,9	12,4	6,2	4,9	3,2	6,8	4,2	3,3	3,4	3,4	3,2	3,1
USA	5,6	7,5	4,4	3,7	3,1	5,3	3,5	1,8	3,5	3,5	2,7	2,9
JAP	14,2	8,3	4,1	1,8	1,5	1,3	0,8	1,3	1,2	2,5	1,1	1,0

TABLE 12 : Real compensation of employees per head¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	5,1	1,9	1,3	2,1	0,2	3,7	0,5	1,2	0,8	-0,4	0,5	0,6
DK	3,8	0,5	1,4	1,6	1,7	1,7	1,4	1,8	1,5	2,1	1,4	1,5
D*	5,4	1,4	2,0	2,0	0,8	5,5	0,4	0,7	1,6	0,8	0,8	0,7
EL	6,4	3,5	0,7	-2,0	2,0	-5,9	-3,2	1,0	3,1	2,4	2,2	1,6
E	7,6	2,3	1,0	0,5	0,3	3,1	0,9	-1,7	-1,6	0,3	0,3	0,3
F	4,9	2,2	1,3	0,8	0,7	1,8	0,5	0,0	0,7	0,4	0,8	1,0
IRL	4,7	2,5	2,7	1,8	1,9	3,7	4,8	-0,3	-0,9	2,0	1,9	1,7
I	6,3	2,0	2,6	-0,4	1,3	0,2	-1,6	-1,6	-0,6	2,2	1,2	0,5
L	4,2	1,7	1,7	1,7	1,6	3,8	-1,7	1,3	1,7	1,7	1,6	1,5
NL	6,1	0,9	0,8	0,9	0,1	1,5	1,2	-0,3	1,1	-0,9	0,3	0,9
A	5,3	1,9	2,3	1,5	0,8	1,9	1,1	0,1	1,5	0,8	0,5	1,1
P	6,7	1,6	4,5	2,4	1,8	-1,5	1,9	3,2	1,1	2,4	1,9	1,1
FIN	5,2	2,4	4,1	0,2	1,8	-2,2	-3,0	2,1	4,5	3,1	1,6	0,9
S	3,5	0,4	2,5	-0,0	2,3	1,7	-1,2	2,2	0,4	4,8	1,9	0,3
UK	3,3	1,7	3,2	0,7	1,4	0,5	0,8	1,0	0,3	0,7	1,7	1,7
EUR*	5,0	1,5	1,8	0,8	0,8	2,0	0,1	0,1	0,4	0,8	0,9	0,8
USA	2,5	0,4	0,3	1,0	0,4	2,4	1,1	-0,4	1,1	0,8	0,1	0,4
JAP	7,6	1,7	2,8	0,7	0,8	-0,6	-0,4	0,6	1,6	2,2	0,0	0,3

¹ Deflated by the price deflator of private consumption.

TABLE 13 : Real GDP per occupied person (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,3	2,0	2,0	1,6	2,0	2,1	0,0	2,9	1,5	1,5	2,0	2,4
DK	3,2	1,5	1,2	2,5	2,1	0,9	2,5	5,0	1,1	1,5	2,3	2,3
D*	4,0	1,9	1,9	2,6	2,1	4,1	0,6	3,6	2,3	2,2	2,2	2,0
EL	8,1	1,6	1,0	0,3	1,3	-1,0	-3,2	-0,4	1,1	1,2	1,2	1,5
E	6,5	3,4	1,2	2,0	1,0	2,2	2,6	2,7	1,1	0,8	1,1	1,2
F	4,7	2,1	2,4	1,2	1,7	1,9	-0,2	2,9	1,0	1,4	1,8	1,8
IRL	4,3	3,7	3,6	4,0	3,6	4,1	3,0	4,1	6,1	4,3	3,2	3,4
I	5,5	1,7	2,3	2,2	1,3	1,6	1,8	3,7	3,4	0,5	1,3	2,1
L	3,0	1,2	1,5	-0,3	1,2	-0,6	-1,7	1,0	0,9	1,1	1,0	1,5
NL	4,0	2,0	1,2	1,2	1,2	1,0	0,9	3,3	0,2	1,0	1,2	1,4
A	5,0	1,6	2,2	1,7	2,0	1,5	0,8	2,9	2,1	1,7	1,8	2,5
P	6,6	2,6	4,0	1,4	2,2	2,9	0,7	0,9	2,9	2,0	2,2	2,5
FIN	4,5	2,4	3,2	3,2	1,5	3,7	5,7	5,6	3,1	1,0	1,8	1,6
S	3,5	1,0	1,2	2,4	2,2	3,2	3,2	3,6	1,4	2,3	2,3	2,0
UK	2,9	1,6	1,5	2,4	1,9	1,4	3,7	3,8	1,8	1,9	1,9	1,9
EUR*	4,4	2,0	1,9	2,1	1,7	2,4	1,4	3,3	1,9	1,5	1,8	1,9
USA	1,9	0,5	0,6	1,1	0,9	2,6	1,6	0,1	0,6	1,0	0,8	0,9
JAP	8,2	2,7	3,6	0,6	1,8	-0,0	-0,3	0,4	0,7	3,4	0,9	1,2

TABLE 14 : Unit labour costs, whole economy¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	4,5	7,2	1,8	3,1	0,3	3,7	3,5	1,4	1,0	0,1	0,5	0,2
DK	7,3	8,5	3,9	0,9	2,1	2,9	-0,8	-1,4	2,5	2,7	1,6	1,9
D*	4,9	3,8	1,6	2,9	0,4	6,2	3,7	-0,1	1,3	0,4	0,3	0,5
EL	1,8	19,8	16,7	11,1	7,8	9,3	13,7	12,3	11,5	9,8	7,9	5,9
E	7,6	14,2	6,4	4,1	2,3	7,4	3,7	0,4	1,9	3,1	2,1	1,7
F	4,9	10,6	1,8	1,9	0,7	2,3	2,9	-0,7	1,4	0,8	0,4	0,7
IRL	6,8	12,5	2,3	0,2	0,5	2,1	3,6	-1,7	-4,6	-0,2	0,9	0,8
I	5,6	16,2	6,3	3,0	3,1	4,1	1,9	-0,7	1,7	5,7	2,8	1,0
L	4,3	7,9	3,7	5,2	2,4	6,1	7,0	2,7	2,8	2,2	2,7	2,1
NL	7,2	4,5	0,5	2,1	0,9	3,7	2,5	-0,8	1,8	0,0	1,1	1,5
A	4,5	6,2	2,2	3,0	0,8	4,3	3,7	0,2	1,6	1,2	0,6	0,7
P	4,0	20,9	12,2	8,7	2,7	6,3	8,3	7,2	2,3	3,8	2,7	1,5
FIN	6,4	10,8	5,4	0,1	1,9	-1,8	-4,4	-2,0	1,5	2,9	1,4	1,3
S	4,7	9,6	7,8	2,3	2,3	0,8	1,2	1,7	1,7	4,1	1,9	0,9
UK	5,3	12,0	6,6	2,5	2,0	3,7	0,5	-0,3	1,2	1,4	2,1	2,4
EUR*	5,2	10,2	4,2	2,8	1,5	4,3	2,7	0,0	1,5	1,9	1,4	1,2
USA	3,6	7,0	3,8	2,6	2,1	2,6	1,9	1,7	2,9	2,5	2,0	1,9
JAP	5,5	5,5	0,5	1,3	-0,3	1,3	1,0	1,0	0,4	-0,9	0,2	-0,2

¹ Compensation of employees per head divided by labour productivity per head, defined as GDP in volume divided by total employment.

TABLE 15 : Real unit labour costs¹ (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	0,4	0,4	-1,2	0,2	-1,5	0,1	-0,3	-1,1	-0,4	-1,5	-1,4	-1,6
DK	0,2	-0,4	0,0	-1,0	-0,0	-0,3	-1,5	-3,0	0,7	1,0	-0,6	-0,5
D*	0,5	-0,3	-0,8	-0,6	-1,1	0,7	-0,2	-2,3	-0,8	-1,1	-1,0	-1,1
EL	-2,5	1,8	0,2	-2,2	0,4	-4,6	-0,4	1,3	2,0	0,9	0,6	-0,4
E	0,5	-0,8	-0,9	-1,3	-1,0	0,5	-0,5	-3,4	-2,9	-0,8	-0,9	-1,3
F	-0,1	0,4	-1,6	-0,3	-0,8	0,2	0,5	-2,2	-0,3	-0,8	-0,9	-0,7
IRL	-0,4	-0,2	-0,8	-1,7	-1,8	-0,0	-0,6	-2,8	-5,2	-2,5	-1,3	-1,6
I	0,1	-0,1	-0,6	-1,9	-0,1	-0,5	-2,4	-4,0	-3,1	0,7	0,2	-1,3
L	-0,2	1,1	-0,3	-0,1	0,3	1,1	-2,7	-0,8	-0,7	-0,2	1,2	-0,2
NL	1,1	-0,9	-0,3	0,0	-0,9	1,4	0,5	-2,7	0,3	-1,6	-0,7	-0,4
A	-0,2	0,7	-0,7	-0,4	-0,8	0,1	0,3	-3,1	-0,5	-0,5	-0,9	-1,0
P	0,1	0,1	-0,9	0,1	-0,7	-6,4	0,8	1,9	-2,6	0,1	-0,8	-1,5
FIN	-0,4	0,1	-0,2	-1,7	0,1	-2,5	-6,6	-3,2	-1,1	1,2	-0,3	-0,7
S	-0,2	-0,1	0,8	-1,2	0,0	-0,3	-1,4	-1,1	-2,3	2,2	-0,5	-1,6
UK	0,1	-0,3	1,0	-1,2	-0,6	-0,6	-2,6	-2,4	-1,2	-1,2	-0,4	-0,3
EUR*	0,0	-0,3	-0,7	-1,0	-0,8	-0,2	-1,0	-2,5	-1,4	-0,7	-0,7	-1,0
USA	-0,0	-0,1	0,2	0,1	0,0	0,1	-0,0	-0,4	0,4	0,4	-0,2	-0,1
JAP	-0,4	-0,0	-0,8	0,3	-0,9	-0,4	0,4	0,7	0,9	-0,9	-0,5	-1,2

¹ Nominal unit labour costs divided by GDP price deflator.

* Notes : see page 27.

TABLE 16 : **Total employment** (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	0,6	-0,3	1,1	-0,4	0,1	-0,4	-1,4	-0,6	0,4	-0,1	0,2	0,3
DK	1,1	0,5	0,3	-0,4	0,7	-0,6	-1,0	-0,6	1,6	0,7	0,8	0,7
D*	0,3	-0,2	1,5	-0,4	-0,0	-1,8	-1,7	-0,7	-0,3	-0,8	-0,0	0,7
EL	-0,5	1,0	0,9	0,9	1,3	1,4	2,2	1,9	0,9	1,2	1,3	1,3
E	0,7	-1,4	3,3	-0,6	1,6	-1,5	-3,7	-0,6	1,7	1,3	1,6	2,0
F	0,7	0,1	0,8	-0,1	0,3	-0,7	-1,2	-0,1	1,2	-0,2	0,3	0,9
IRL	0,1	0,1	1,0	1,7	2,5	0,4	0,6	3,1	4,4	3,4	2,5	1,7
I	-0,2	0,9	0,6	-1,0	0,3	-1,0	-2,9	-1,5	-0,4	0,3	0,1	0,5
L	1,1	0,5	3,1	2,6	1,7	2,5	1,8	2,3	2,5	1,1	1,7	2,3
NL	0,9	-0,1	1,9	0,9	1,6	1,0	-0,1	0,1	1,9	1,5	1,6	1,6
A	-0,1	0,7	0,7	0,3	-0,3	0,5	-0,4	0,1	-0,3	-0,7	-0,3	-0,0
P	0,3	-0,4	1,0	-0,4	0,6	-1,8	-1,9	-0,2	-0,6	0,5	0,6	0,7
FIN	0,5	0,3	0,2	-3,8	1,5	-7,0	-6,5	-1,1	1,1	1,2	1,9	1,5
S	0,6	0,8	1,0	-2,2	-0,1	-4,4	-5,2	-1,0	1,5	-0,6	-0,2	0,5
UK	0,3	-0,2	1,8	-1,2	0,9	-1,9	-1,5	0,1	0,7	0,4	1,1	1,1
EUR*	0,3	0,0	1,3	-0,6	0,5	-1,4	-1,9	-0,4	0,5	0,1	0,6	0,9
USA	1,9	1,8	2,1	1,2	1,5	-0,2	1,8	4,0	1,4	1,4	1,5	1,5
JAP	1,3	0,7	1,0	0,7	0,9	1,1	0,4	0,1	0,1	0,3	0,9	1,5

TABLE 17 : **Employment in manufacturing industries** (percentage change on preceding year, 1974-98)*

	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	-2,9	-0,3	-1,9	-0,1	-1,5	-5,1	-1,9	-0,0	-0,3	0,0	0,0
DK	-0,5	-0,1	-0,9	0,2	-1,6	-4,6	0,6	3,3	-2,0	1,4	1,1
D*	-1,3	1,2	-4,5	0,3	-8,5	-7,5	-5,5	-2,2	0,3	0,3	0,3
EL	1,6	0,5	-3,6	0,4	-4,9	-6,0	-2,9	-0,3	0,5	0,3	0,3
E	-	2,8	-4,2	0,6	-4,7	-9,2	-4,3	-0,9	-1,0	1,1	1,6
F	-1,5	-0,9	-2,4	-0,6	-3,3	-4,7	-2,8	0,2	-1,2	-0,7	-0,0
IRL	-1,2	0,5	2,0	1,1	-0,4	-0,5	3,7	6,1	0,8	1,6	0,8
I	-1,0	0,3	-2,8	-0,1	-4,3	-5,7	-0,2	-1,4	-0,1	-0,3	0,1
L	-2,2	-0,3	-2,0	-0,8	-1,4	-4,5	-2,9	-1,8	-1,5	-0,9	0,0
NL	-2,3	1,4	-2,1	0,4	-0,8	-3,7	-4,2	-1,3	0,2	0,4	0,6
A	-1,0	-0,4	-2,2	-2,0	-2,6	-4,4	-3,0	-0,9	-3,1	-1,6	-1,2
P	-	0,5	-3,0	-0,8	-3,4	-3,8	-1,7	-3,8	-2,8	0,0	0,3
FIN	-0,3	-2,3	-3,8	1,9	-9,6	-6,1	0,9	4,1	1,0	2,1	2,5
S	-0,9	-0,8	-3,6	1,3	-9,5	-7,6	2,4	4,1	0,5	1,5	2,0
UK	-3,1	-1,1	-3,5	-0,3	-5,0	-4,4	-0,4	1,2	-0,7	-0,1	0,0
EUR*	-1,7 ¹	0,2	-3,5	0,0	-5,6	-6,1	-2,8	-0,7	-0,4	0,1	0,3

¹ EUR without Portugal, Spain up to 1985.

TABLE 18 : **Number of unemployed** (as a percentage of civilian labour force, 1964-98)¹*

	1964-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	2,0	7,7	8,7	8,5	9,9	7,3	8,9	10,0	9,9	9,9	9,9	9,8
DK	0,9	6,4	6,4	8,6	6,0	9,2	10,1	8,2	7,1	6,2	6,0	5,7
D*	0,7	4,2	5,9	7,3	8,9	6,6	7,9	8,4	8,2	9,0	9,1	8,7
EL	4,2	3,8	6,6	8,3	9,0	7,9	8,6	8,9	9,1	9,1	9,0	9,0
E	2,8	11,3	18,9	20,9	21,4	18,5	22,8	24,1	22,9	22,0	21,5	20,7
F	2,2	6,4	9,8	11,1	12,2	10,4	11,7	12,3	11,5	12,3	12,4	11,9
IRL	5,7	10,6	15,5	14,5	12,1	15,4	15,6	14,3	12,4	12,5	12,0	11,7
I	5,2	7,0	9,6	10,3	12,2	9,0	10,3	11,4	11,9	12,1	12,3	12,1
L	0,0	1,7	2,1	2,5	3,0	2,1	2,7	3,2	2,9	3,1	3,0	2,9
NL	1,3	7,1	7,4	6,5	6,3	5,6	6,6	7,2	7,3	6,8	6,3	5,8
A	1,7	2,5	3,4	3,8	4,2	3,6	4,1	3,8	3,8	4,1	4,3	4,3
P	2,5	6,9	6,1	5,6	7,1	4,2	5,7	7,0	7,3	7,3	7,1	6,8
FIN	2,3	5,3	4,7	14,8	15,0	13,1	17,9	18,4	17,2	16,0	14,9	14,2
S	2,0	2,5	2,1	7,5	9,4	5,8	9,5	9,8	9,2	9,8	9,4	9,0
UK	2,0	6,9	9,0	9,5	7,8	10,1	10,4	9,6	8,8	8,3	7,8	7,4
EUR*	2,4	6,4	9,0	10,2	10,7	9,4	10,9	11,3	10,9	10,9	10,8	10,4
USA	4,6	7,5	5,9	6,5	5,2	7,4	6,8	6,1	5,6	5,4	5,2	5,1
JAP	1,2	2,2	2,5	2,6	3,1	2,2	2,5	2,9	3,1	3,3	3,2	2,7

¹ Series following SOEC definition, based on the labour force survey.

* Notes : see page 27.

TABLE 19 : General government total expenditure (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998*
B	43,2	56,5	56,8	55,4	53,0	56,7	55,3	54,5	53,8	53,0	52,1
DK	42,1	53,0	56,8	60,4	58,4	62,2	62,3	59,7	60,3	58,2	56,7
D*	40,1	47,6	46,0	49,2	49,0	49,9	49,3	49,9	49,7	48,9	48,2
EL	—	—	43,7	46,7	45,0	48,5	48,0	46,7	46,0	44,9	44,0
E	23,0	32,6	41,9	47,1	43,8	49,6	48,2	46,3	44,8	43,5	43,0
F	38,2	47,2	51,0	53,5	53,8	55,1	54,6	54,3	54,7	53,5	53,1
IRL	35,5	46,7	44,7	39,6	35,3	40,3	39,8	37,4	36,3	35,2	34,3
I	34,8	43,2	51,4	54,1	51,3	57,0	54,2	51,8	52,9	51,0	50,1
L	32,6	46,9	—	—	40,4	—	41,0	40,0	40,7	40,7	39,9
NL	43,4	55,1	57,0	55,0	50,0	56,2	53,9	53,2	50,9	50,1	49,0
A	40,0	48,6	51,0	52,1	51,8	53,7	52,4	52,8	52,5	51,7	51,2
P	21,9	36,1	39,9	44,8	44,3	44,8	44,8	45,3	44,5	44,3	44,0
FIN	31,5	40,5	45,5	59,6	56,8	61,9	61,0	58,8	58,7	56,5	55,3
S	44,9	59,4	60,5	68,5	64,3	72,6	70,2	68,2	66,9	64,6	61,5
UK	37,7	43,7	40,3	43,0	41,3	43,7	43,3	43,5	42,3	41,3	40,2
EUR*	36,7 ¹	45,4 ¹	47,8	50,8	49,5	52,2	51,3	50,9	50,6	49,4	48,5
USA	33,6	36,5 ¹	38,9	39,2	34,9	39,9	38,7	37,1	35,2	34,8	34,6
JAP	21,2	30,7	32,0	33,6	36,8	34,2	34,8	35,5	36,6	36,9	37,0

¹ EUR without Greece.

TABLE 20 : General government total current receipts (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998*
B	39,8	48,6	49,5	49,4	50,1	49,2	50,2	50,3	50,5	50,1	49,7
DK	46,3	50,2	57,6	57,6	57,7	58,3	58,8	58,1	58,8	58,0	56,4
D*	40,3	44,9	44,5	46,1	45,8	46,4	46,8	46,3	45,7	46,0	45,9
EL	—	27,6	31,3	34,9	38,4	34,4	35,8	37,6	38,0	38,4	38,7
E	23,1	29,6	38,1	41,4	40,4	42,8	41,7	39,7	40,3	40,5	40,2
F	38,9	45,5	49,2	49,1	50,5	49,5	49,0	49,5	50,6	50,5	50,2
IRL	31,4	36,4	39,3	37,4	34,3	37,8	38,2	35,4	34,7	34,3	33,9
I	29,4	33,6	40,5	45,0	47,0	47,4	45,2	44,8	46,3	47,7	47,1
L	35,3	48,8	—	—	41,2	—	43,5	40,8	41,7	41,2	40,8
NL	43,7	51,7	51,9	51,5	47,7	52,9	50,6	49,1	48,3	47,7	47,0
A	41,5	46,2	47,8	48,2	48,4	49,4	48,0	46,9	48,2	48,7	48,3
P	23,3	29,6	35,2	39,1	41,0	37,7	38,8	40,1	40,4	41,3	41,1
FIN	36,1	44,3	49,5	54,2	54,5	53,8	54,8	53,5	55,3	54,3	53,9
S	49,1	57,5	63,7	60,5	61,7	60,3	59,4	60,1	63,0	61,7	60,5
UK	37,3	40,0	39,1	37,1	37,8	35,9	36,5	37,8	37,6	37,7	38,0
EUR*	36,1 ¹	41,4	44,1	45,5	46,2	45,7	45,9	45,8	46,2	46,4	46,1
USA	32,6	34,2	36,0	35,7	33,1	35,8	35,9	34,8	33,1	33,1	33,1
JAP	22,0	27,5	33,3	33,0	31,9	32,6	32,7	31,7	31,6	32,1	32,1

¹ EUR without Greece.

TABLE 21 : General government lending (+) or borrowing (-) (as a percentage of GDP, 1970-98)*

	1970-73	1974-85	1986-90	1991-95	1996-98	1993	1994	1995	1996	1997	1998*
B	-3,4	-7,9	-7,2	-6,1	-2,9	-7,5 ²	-5,1 ²	-4,1	-3,3	-2,9	-2,5
DK	4,3	-2,8	0,9	-2,8	-0,7	-3,9	-3,5	-1,6	-1,4	-0,3	-0,3
D*	0,2	-2,8	-1,5	-3,1	-3,1	-3,5	-2,4	-3,5 ³	-4,0	-2,9	-2,4
EL	—	—	-12,4	-11,8	-6,6	-14,2	-12,1	-9,1	-7,9	-6,5	-5,3
E	0,4	-2,8	-3,8	-5,6	-3,4	-6,8	-6,3	-6,6	-4,4	-3,0	-2,8
F	0,7	-1,7	-1,8	-4,4	-3,3	-5,6	-5,6	-4,8	-4,0	-3,0 ⁴	-2,9
IRL	-4,1	-10,3	-5,4	-2,2	-1,0	-2,4	-1,7	-2,0	-1,6	-0,9	-0,5
I	-5,4	-9,6	-10,8	-9,1	-4,3	-9,6	-9,0	-7,1	-6,6	-3,3 ⁵	-3,0
L	2,7	1,9	—	1,7	0,8	1,7	2,6	1,5	0,9	0,5	0,9
NL	-0,5	-3,6	-5,1	-3,5	-2,4	-3,2	-3,4	-4,0 ⁶	-2,6	-2,5	-2,0
A	1,5	-2,4	-3,2	-3,8	-3,4	-4,2	-4,4	-5,9	-4,3	-3,0	-2,9
P	1,6	-5,8	-4,7	-5,6	-3,3	-6,9	-5,8	-5,1	-4,0	-2,9	-2,9
FIN	4,6	3,7	4,0	-5,4	-2,3	-8,0	-6,2	-5,2	-3,3	-2,2	-1,4
S	4,5	-1,7	3,2	-8,0	-2,6	-12,3	-10,8	-8,1	-3,9	-2,9	-1,0
UK	-0,4	-3,8	-1,2	-5,9	-3,5	-7,8	-6,8	-5,8	-4,6	-3,5	-2,2
EUR*	-0,6 ¹	-4,1 ¹	-3,7	-5,3	-3,3	-6,5	-5,4	-5,0	-4,4	-3,0	-2,5
USA	-0,8	-2,3	-2,9	-3,6	-1,8	-4,1	-2,8	-2,3	-2,1	-1,7	-1,5
JAP	0,8	-3,2	1,3	-0,6	-4,9	-1,6	-2,1	-3,9	-5,0	-4,8	-5,0

¹ EUR without Greece.

² The figures for 1993 and 1994 include the proceeds from the sale of participations, the accounting treatment of which is currently being examined. The amounts involved are, respectively BFR 31.7 bn, 32 bn and 38.5 bn.

³ Not including unification-related debt assumptions by the federal government (Treuhand, eastern housing companies), equal to 229 bn DEM.

⁴ Including for 1997 the payment by France Telecom to the French State of FRF 37.5 bn.

⁵ Including for 1997 6 trillion ITL of reduction in transfers to state owned enterprises, but not including 6.5 trillion ITL of other operations whose conformity with the ESA rules is currently being examined.

⁶ Not including for 1995 a net amount of 32.84 bn NLG of exceptional expenditure related to the reform of the financing of the social housing societies.

* Notes : see page 27.

TABLE 22 : **Government gross debt** (as a percentage of GDP, 1980-98)*¹

	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998*
B	78,2	122,1	129,7	129,4	130,6	137,0	135,0	133,7	130,6	127,0	123,9
DK²	38,5	72,0	59,6	64,6	68,7	80,1	76,0	71,9	70,2	67,8	65,5
D*	31,7	41,7	43,8	44,7	44,1	48,2	50,4	58,1	60,8	61,9	61,9
EL	23,8	51,6	90,1	92,3	99,2	111,8	110,4	111,8	110,6	109,3	107,2
E	17,5	43,7	45,1	45,8	48,4	60,5	63,1	65,7	67,8	67,1	65,8
F	20,1	31,0	35,4	35,8	39,6	45,6	48,4	52,8	56,4	58,1	59,2
IRL	69,9	101,9	95,2	95,0	92,0	94,5	87,9	81,6	74,7	70,0	65,4
I	58,1	82,3	98,0	101,4	108,5	119,3	125,5	124,9	123,4	122,3	119,4
L	12,5	12,9	4,7	4,2	5,2	6,2	5,7	6,0	7,8	8,8	9,2
NL	46,9	71,5	78,8	78,8	79,6	80,8	77,4	79,7	78,7	76,8	75,1
A	37,3	50,5	58,3	58,7	58,3	62,8	65,1	69,0	71,7	72,2	72,2
P	32,4	61,9	65,2	71,1	63,3	68,2	69,6	71,7	71,1	69,0	67,8
FIN	11,8	16,5	14,5	23,0	41,5	57,3	59,5	59,2	61,3	61,5	61,7
S	41,0	63,8	43,5	53,0	67,1	76,0	79,3	78,7	78,1	77,6	74,9
UK	54,3	53,8	35,3	35,7	41,9	48,5	50,4	54,1	56,2	57,0	56,5
EUR*	38,5	53,6	55,3	57,1	60,4	66,1	68,1	71,3	73,5	73,7	72,9

¹ As defined by the Council Regulation n° 3605/93 on the excessive deficit procedure.² Government deposits with the central bank, government holdings of non-government bonds and public enterprise related debt amounted to some 18 % of GDP in 1995.TABLE 23 : **Trade balance total (fob/cif)** (in bn. ECU, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	-0,1	-3,6	-2,3	3,3	13,5	-1,0	4,3	10,6	9,9	12,9	14,4	16,9
DK	-0,7	-1,8	0,6	4,3	4,9	4,4	5,6	4,9	4,0	4,8	5,2	5,4
D*	3,6	16,0	55,8	29,5	59,2	17,0	32,0	38,3	50,6	51,8	62,8	71,7
EL	-0,9	-4,3	-6,9	-10,6	-13,7	-10,8	-11,6	-10,2	-10,6	-12,9	-14,7	-16,6
E	-1,9	-7,5	-13,3	-15,2	-17,1	-21,8	-11,0	-10,2	-12,1	-16,9	-18,4	-20,9
F	-0,8	-11,0	-13,2	-0,9	10,3	-6,9	4,0	4,5	9,0	9,0	10,6	12,5
IRL	-0,4	-1,0	2,2	6,2	11,5	5,0	6,7	7,3	9,2	10,6	12,3	13,9
I	-1,3	-8,8	-7,8	7,9	31,9	-8,0	18,0	18,7	20,7	32,1	37,2	37,8
L¹	-	-	-	-	-	-	-	-	-	-	-	-
NL	-1,0	0,9	2,1	6,4	13,4	4,0	11,9	5,2	13,7	12,3	13,5	14,2
A	-	-	-	-7,5	-4,8	-7,5	-7,2	-8,6	-6,6	-5,4	-4,1	-3,1
P	-0,5	-3,1	-4,8	-8,0	-8,1	-9,2	-7,5	-7,6	-7,5	-7,6	-8,3	-8,9
FIN	-	-	-	4,3	8,5	2,1	4,7	5,4	8,4	8,0	8,5	9,0
S	-	-	-	6,9	15,0	4,7	6,2	8,0	11,4	14,1	16,0	18,5
UK	-2,7	-7,7	-31,3	-25,5	-25,0	-26,7	-25,0	-26,9	-26,7	-20,8	-24,6	-28,0
EUR*	-6,6	-31,8	-18,7	1,1	99,5	-54,7	31,0	39,3	73,4	91,7	110,4	122,4

¹ Included in the figures for Belgium.TABLE 24 : **Balance on current account** (as a percentage of GDP, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	1,0	-1,5	1,4	3,2	4,6	2,0	3,8	4,0	4,5	4,1	4,5	5,2
DK	-2,0	-3,5	-2,1	1,7	1,1	2,3	2,9	1,6	0,6	1,0	1,1	1,3
D*	0,7	0,8	4,2	-1,2	-0,5	-1,1	-1,1	-1,4	-1,2	-0,9	-0,4	-0,2
EL	-2,4	-2,4	-3,5	-2,5	-3,2	-3,2	-1,7	-1,0	-2,7	-3,0	-3,2	-3,4
E	-0,7	-1,4	-1,3	-1,7	1,0	-3,6	-1,0	-1,2	0,9	0,9	1,2	0,9
F	0,4	-0,3	-0,3	0,6	1,7	0,1	1,0	1,0	1,5	1,7	1,7	1,7
IRL	-2,3	-7,6	-1,0	3,7	3,4	3,2	5,3	3,4	4,3	3,7	3,4	3,2
I	1,3	-0,8	-0,8	0,1	3,8	-2,4	1,0	1,5	2,5	3,4	4,0	4,0
L	6,3	24,4	28,1	19,7	15,9	24,5	15,2	15,9	18,0	16,3	15,9	15,5
NL	0,5	2,0	3,0	4,4	5,0	3,1	4,9	5,2	5,2	4,9	5,1	5,0
A	0,1	-1,0	0,2	-0,7	-1,4	-0,1	-0,4	-1,0	-2,0	-1,9	-1,4	-1,0
P	0,4	-5,8	-1,0	-1,9	-0,9	-2,0	-2,1	-1,8	-0,2	-1,0	-1,0	-0,7
FIN	-1,4	-2,0	-3,2	-1,1	4,1	-4,6	-1,3	1,3	4,5	4,0	4,1	4,2
S	0,2	-1,7	-1,6	-1,3	1,9	-3,1	-1,4	-0,7	0,6	1,2	1,9	2,8
UK	-0,1	-0,1	-3,8	-2,1	-0,4	-2,6	-2,5	-2,1	-0,4	-0,1	-0,5	-0,5
EUR*	0,2	-0,2	0,1	-0,1	1,2	-0,6	-0,0	0,0	0,7	1,0	1,2	1,3
USA	0,5	-0,4	-2,5	-1,3	-1,9	-1,0	-1,5	-2,2	-1,9	-1,8	-1,9	-1,9
JAP	0,6	0,9	2,8	2,7	1,6	3,2	3,1	2,8	1,8	1,2	1,7	1,8

* Notes : see page 27.

TABLE 25 : Rates of change of demand components, EUR (1993-98)^{1*}

	Percentage change on preceding period at constant prices											
	1993	1994	1995	1996	1997	1998*	1996-I	1996-II	1997-I	1997-II	1998-I*	1998-II*
Private consumption	-0,3	1,8	1,8	2,0	1,8	2,4	2,5	1,7	1,7	2,2	2,4	2,7
Government consumption	1,2	0,4	0,7	1,2	0,5	0,9	1,2	0,8	0,4	0,4	1,0	1,3
Fixed capital formation	-6,6	2,5	3,6	1,5	3,1	4,7	0,9	4,5	2,3	3,4	4,9	5,5
— Construction	-3,8	1,1	1,5	-0,2	1,7	3,1	-2,1	4,9	0,2	1,5	3,3	4,2
— Equipment	-11,3	3,6	6,7	3,8	5,0	6,7	5,0	3,9	5,1	5,9	6,7	7,2
Change in stocks (as % of GDP)	-0,4	0,6	0,8	0,5	0,7	0,7	0,5	0,4	0,6	0,7	0,7	0,7
Domestic demand	-1,8	2,6	2,2	1,4	2,0	2,7	1,1	1,8	2,0	2,4	2,7	3,0
Exports of goods and services	1,7	8,8	7,5	4,0	5,8	6,4	4,2	5,0	6,0	6,2	6,5	6,5
Imports of goods and services	-2,9	7,7	6,5	3,3	5,1	6,2	2,5	3,3	5,4	6,1	6,3	6,3
Gross domestic product	-0,5	2,8	2,4	1,6	2,3	2,8	1,7	2,2	2,3	2,5	2,8	3,1

¹ Half-yearly figures at annual rates, seasonally adjusted (96-I = first half of 1996 etc.).

TABLE 26 : Imports of goods, volume (percentage change on preceding year, 1961-98)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	9,3	2,2	7,3	4,3	4,5	4,3	1,4	7,2	7,0	3,6	5,0	5,1
DK	7,9	1,5	1,5	3,7	2,9	1,2	-4,9	12,3	5,9	0,2	4,0	4,6
D*	8,7	3,8	7,1	4,1	3,8	1,3	-7,8	8,3	6,7	1,8	4,1	5,6
EL	12,8	2,9	9,9	4,6	6,2	4,6	1,0	4,1	6,5	6,0	6,2	6,5
E	—	1,9	15,8	4,7	8,7	4,9	-0,6	0,8	9,9	7,9	8,5	9,7
F	11,3	2,2	7,5	2,4	3,4	0,9	-4,1	7,3	5,6	0,6	4,4	5,3
IRL	9,2	4,2	6,6	7,4	7,9	5,4	7,1	13,1	11,3	9,6	7,4	6,8
I	10,2	3,0	7,6	3,8	1,4	3,4	-8,6	11,0	9,3	-5,1	3,4	6,3
L	6,2	2,4	6,5	—	3,3	0,2	—	—	3,0	1,8	3,2	5,0
NL	9,4	2,5	5,6	3,7	5,8	1,4	-2,7	7,6	8,3	4,4	5,9	7,2
A	—	4,4	8,7	3,8	5,0	2,6	-1,9	7,8	5,0	4,3	4,7	5,9
P	—	—	18,0	6,8	6,8	13,4	-5,8	10,0	9,0	6,3	6,8	7,3
FIN	—	2,1	5,7	0,9	4,5	0,9	-1,0	17,3	4,4	3,3	4,7	5,5
S	—	3,3	4,6	4,1	3,5	-0,6	2,0	15,4	10,0	2,8	3,5	4,1
UK	5,2	2,6	7,2	2,8	7,8	6,7	3,6	5,2	4,2	8,3	7,3	7,7
EUR*¹	9,1	2,9	8,0	3,8	4,9	3,2	-3,1	7,7	7,0	3,0	5,3	6,4
USA	9,1	5,4	4,7	8,5	7,2	9,6	10,6	13,5	8,9	6,8	7,5	7,2
JAP	—	2,1	10,1	5,1	9,0	-1,5	7,0	13,3	11,4	10,5	6,7	9,8

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 27 : Exports of goods, volume (percentage change on preceding year, 1961-97)*

	1961-73	1974-85	1986-90	1991-95	1996-98	1992	1993	1994	1995	1996	1997	1998*
B	10,1	2,7	6,2	5,3	5,0	3,9	2,0	8,6	10,0	3,3	5,5	6,2
DK	6,8	4,9	3,7	3,8	3,5	3,3	-1,5	9,7	0,7	1,6	4,5	4,3
D*	8,0	4,7	4,8	4,2	5,2	0,4	-5,1	9,3	6,3	3,2	6,0	6,5
EL	12,0	6,5	7,8	4,1	4,4	7,2	-0,5	4,5	3,5	3,7	4,3	5,3
E	—	8,5	7,0	13,7	8,8	8,3	16,0	25,0	9,6	9,1	8,2	9,0
F	10,0	4,3	5,1	4,3	4,4	4,7	-1,0	6,5	7,5	2,3	5,2	5,9
IRL	8,1	8,7	9,0	12,6	9,1	15,6	10,1	14,8	18,2	10,6	8,7	8,0
I	11,7	5,1	6,0	7,7	3,3	4,8	9,0	13,2	10,9	-1,7	5,3	6,4
L	5,3	1,9	5,1	—	2,9	0,2	—	—	3,8	-0,8	3,7	6,0
NL	9,9	3,5	5,4	4,8	5,7	2,6	1,0	7,4	8,2	4,5	5,9	6,6
A	—	6,3	7,8	4,9	7,3	2,2	1,0	8,0	6,8	6,1	7,7	8,2
P	—	—	12,1	6,1	8,4	7,4	-1,7	11,9	12,5	10,0	7,2	8,0
FIN	—	3,7	1,6	7,9	3,7	9,3	17,0	12,9	7,6	1,5	4,5	5,2
S	—	3,1	2,5	7,2	5,5	1,3	9,9	16,0	12,6	5,6	4,8	6,0
UK	5,0	3,9	5,4	4,9	6,9	2,5	3,6	10,0	7,3	7,2	6,6	7,0
EUR*¹	8,8	4,6	5,5	5,7	5,5	3,4	1,7	10,2	8,2	3,8	6,0	6,7
USA	6,7	2,5	10,4	7,7	8,1	7,0	3,5	10,1	10,6	7,3	8,6	8,4
JAP	—	9,0	2,6	1,9	5,8	0,7	-1,0	1,5	6,0	2,0	8,0	7,5

¹ Excluding Spain, Austria, Finland, Sweden up to 1973 and Portugal up to 1985.

TABLE 28 : **Export markets and export performance**
(percentage change on preceding year, 1996-98)*

	Export markets			Export performance ¹		
	1996	1997	1998*	1996	1997	1998*
B	3,8	6,2	7,2	-0,5	-0,7	-1,0
DK	4,6	5,7	6,3	-2,8	-1,1	-1,9
D	4,6	6,6	7,2	-1,4	-0,6	-0,6
GR	4,4	6,2	7,1	-0,7	-1,8	-1,7
E	3,3	5,8	6,8	5,7	2,3	2,1
F	4,6	6,3	7,2	-2,2	-1,1	-1,2
IRL	5,4	6,2	6,8	4,9	2,4	1,1
I	5,2	6,7	7,3	-6,6	-1,3	-0,8
L²	-	-	-	-	-	-
NL	3,7	5,3	6,0	0,8	0,6	0,6
A	3,7	6,2	7,2	2,3	1,4	1,0
P	4,3	6,1	7,1	5,5	1,0	0,8
FIN	4,7	6,3	6,9	-3,1	-1,7	-1,6
S	4,7	6,2	6,8	0,9	-1,4	-0,7
UK	5,0	6,5	7,1	2,1	0,1	-0,1
EUR*	4,5	6,3	7,0	-0,7	-0,3	-0,3
USA	6,4	7,6	7,9	0,8	1,0	0,4
JAP	7,3	7,9	8,0	-4,9	0,1	-0,5

¹ Index of export volume growth divided by index of market growth (includes intra-EU trade).

² Included in the figures for Belgium.

TABLE 32 : **World imports of goods** (at constant prices)*
(percentage change on preceding year)

	1993	1994	1995	1996	1997	1998*
EUR	-3,1	7,7	7,0	3,0	5,3	6,4
USA	10,6	13,5	8,9	6,8	7,5	7,2
Japan	7,0	13,3	11,4	10,5	6,7	9,8
Canada	8,6	10,6	9,8	3,0	5,7	6,3
Rest OECD	6,6	9,0	6,0	7,7	7,3	7,8
Total OECD	2,1	9,6	8,1	4,9	6,1	7,0
CCEE	4,6	7,0	7,5	8,6	10,2	8,0
OPEC	-2,7	-2,4	10,0	7,1	8,3	7,8
Other developing countries	12,4	11,5	14,2	9,3	9,0	9,2
— DAE's	13,4	15,8	15,1	10,2	9,5	9,4
— Other Asia	25,0	8,9	11,0	10,9	10,8	11,4
— Latin America	20,3	19,3	19,6	5,0	5,9	6,7
— Africa	0,8	5,5	7,0	4,0	4,9	5,6
World	5,1	10,0	9,1	6,1	7,0	7,6
World excluding EUR	10,1	11,4	11,1	8,1	8,1	8,3

TABLE 33 : **World balances of current account**
(in billions USD)*

	1993	1994	1995	1996	1997	1998*
EUR	8,9	10,5	61,2	85,8	111,1	125,7
USA	-103,9	-155,7	-136,3	-135,8	-147,5	-158,4
Japan	131,5	129,2	93,1	56,1	79,3	87,6
Canada	-23,9	-18,2	-8,2	1,7	6,4	12,1
Rest OECD	1,5	6,6	-6,3	6,7	6,6	10,6
Total OECD	-9,4	-56,2	3,6	14,6	55,9	77,5
CCEE	-9,3	-10,1	-9,0	-13,6	-21,0	-27,9
OPEC	-15,8	-14,7	-2,9	18,9	20,6	18,2
Other developing countries	-47,7	-47,7	-61,2	-55,2	-55,4	-58,5
— DAE's	9,3	4,3	-16,9	-12,4	-10,8	-8,6
— Other Asia	-19,5	-9,2	-1,5	-1,7	-2,6	-5,3
— Latin America	-17,8	-21,1	-31,6	-30,2	-30,7	-32,4
— Africa	-4,1	-6,9	-11,2	-11,0	-11,3	-12,2
Errors and omissions	-66,4	-114,0	-69,6	-35,3	0,1	9,3

TABLE 29 : **Trade balances (fob-fob) EUR, USA and Japan***

	1993	1994	1995	1996	1997	1998*
as a % of GDP						
EUR	0,9	1,0	1,5	1,8	2,0	2,1
USA	-2,1	-2,5	-2,4	-2,3	-2,3	-2,4
Japan	3,3	3,1	2,7	2,2	2,5	2,5
in billions of USD						
EUR	70,9	99,1	129,1	154,3	179,8	200,1
USA	-132,6	-166,4	-175,5	-171,2	-182,9	-197,1
Japan	141,6	145,9	137,6	100,8	114,7	121,5
in billions of ECU						
EUR	60,5	83,4	98,7	121,6	142,6	158,9
USA	-113,1	-140,1	-134,2	-134,9	-145,0	-156,5
Japan	120,8	122,9	105,2	79,4	90,9	96,4

TABLE 30 : **World export prices¹**
(percentage change on preceding year)*

	1993	1994	1995	1996	1997	1998*
Fuels	-11,9	-7,1	7,8	18,0	3,6	0,8
Other primary commodities	-7,3	8,5	8,6	-1,8	2,5	2,8
Manufactures	-3,9	2,0	8,2	-1,0	1,4	2,0

¹ In US dollars.

Source : United Nations and forecasts by Commission services.

TABLE 31 : **World GDP** (at constant prices)*
(percentage change on preceding year)

	1993	1994	1995	1996	1997	1998*
EUR	-0,5	2,8	2,4	1,6	2,3	2,8
USA	3,4	4,1	2,0	2,4	2,3	2,4
Japan	0,1	0,5	0,8	3,8	1,8	2,8
Canada	2,3	4,6	2,3	1,6	2,6	2,6
Rest OECD	4,4	1,2	3,8	3,5	3,9	4,2
Total OECD	1,3	2,9	2,4	2,3	2,4	2,8
CCEE	-8,4	-7,4	-1,5	0,7	2,8	4,1
OPEC	3,1	2,6	3,4	4,0	4,5	4,8
Other developing countries	6,0	6,7	6,4	6,6	6,6	6,8
— DAE's	6,8	7,9	7,9	7,1	7,2	7,2
— Other Asia	8,2	8,9	8,7	7,9	7,7	7,9
— Latin America	5,0	5,8	3,3	3,3	4,3	4,5
— Africa	1,2	3,2	3,4	4,4	4,2	4,3
World	2,2	3,6	3,5	3,6	3,8	4,2
World excluding EUR	3,0	3,8	3,8	4,2	4,3	4,6

TABLE 34 : **World trade balances**
(fob-fob, in billions USD)*

	1993	1994	1995	1996	1997	1998*
EUR	70,9	99,1	129,1	154,3	179,8	200,1
USA	-132,6	-166,4	-175,5	-171,2	-182,9	-197,1
Japan	141,6	145,9	137,6	100,8	114,7	121,5
Canada	7,6	12,8	20,7	27,6	30,7	33,1
Rest OECD	-2,4	4,4	-12,2	-8,8	-11,8	-15,5
Total OECD	66,2	71,5	99,7	102,8	130,5	142,0
CCEE	-3,3	-1,1	-4,2	-14,7	-22,3	-28,2
OPEC	45,0	50,4	58,7	82,9	86,6	86,2
Other developing countries	3,6	8,6	-60,8	-58,3	-61,8	-66,4
— DAE's	-3,0	-10,7	-26,0	-21,9	-21,1	-19,1
— Other Asia	-28,3	-14,6	-8,2	-11,7	-14,6	-18,3
— Latin America	-1,0	-5,6	-13,9	-11,6	-12,2	-13,9
— Africa	-9,0	-10,9	-12,8	-13,0	-13,8	-15,2
Errors and omissions	66,5	79,1	93,3	112,8	133,0	133,6

* Notes : see page 27.

TABLE 35 : Demand components at constant prices ¹ and contributions to real GDP growth ², EUR countries and EUR, 1992-98*

	1992	1993	1994	1995	1996	1997	1998*		1992	1993	1994	1995	1996	1997	1998*
B⁸								F³							
Demand components								Demand components							
Private consumption	2,3	-0,8	1,3	1,2	1,4	1,0	1,2	Private consumption	1,3	0,2	1,4	1,8	2,3	1,4	2,2
Government consumption	0,1	1,4	1,4	1,0	0,2	0,2	0,4	Government consumption	3,4	3,5	1,1	0,6	1,5	0,8	1,0
Fixed capital formation	1,8	-5,0	0,3	3,0	3,3	5,0	4,5	Fixed capital formation	-2,8	-6,7	1,3	2,8	-0,3	2,2	4,0
— Construction	5,5	-2,1	1,4	1,8	2,9	4,3	4,1	— Construction	-2,0	-6,3	-0,6	0,6	-0,2	1,3	1,9
— Equipment	-6,1	-12,4	-0,8	4,0	3,8	5,8	4,9	— Equipment	-4,0	-7,4	4,1	6,2	-0,4	3,5	6,9
Exports of goods and services	3,6	1,8	9,2	5,0	3,3	5,1	5,7	Exports of goods and services	4,9	-0,4	6,0	5,9	2,2	4,8	5,5
Imports of goods and services	4,0	1,8	8,3	4,8	3,5	4,7	4,9	Imports of goods and services	1,2	-3,5	6,7	5,0	1,1	4,4	5,2
GDP	1,7	-1,4	2,3	1,9	1,4	2,2	2,7	GDP	1,2	-1,3	2,8	2,2	1,1	2,1	2,7
Contributions to growth								Contributions to growth							
Final domestic demand	1,8	-1,3	1,1	1,4	1,5	1,5	1,7	Final domestic demand	0,8	-0,7	1,3	1,8	1,6	1,5	2,3
Stockbuilding	0,1	-0,1	0,3	0,1	-0,1	0,1	0,0	Stockbuilding	-0,6	-1,5	1,7	0,1	-0,8	0,6	0,2
Foreign balance	-0,2	0,1	0,9	0,4	-0,0	0,6	1,0	Foreign balance	0,9	0,9	-0,2	0,2	0,3	0,1	0,1
DK³								IRL⁸							
Demand components								Demand components							
Private consumption	1,9	2,4	6,6	2,3	2,5	2,4	2,7	Private consumption	4,4	1,7	6,8	3,7	6,7	4,3	3,7
Government consumption	0,4	3,0	1,4	0,8	1,8	1,2	1,2	Government consumption	2,4	1,1	3,4	3,0	2,4	2,0	1,5
Fixed capital formation	-4,2	-4,7	3,0	10,2	4,9	5,3	5,1	Fixed capital formation	-2,5	-2,1	8,7	10,1	9,9	7,7	6,8
— Construction	0,3	-8,8	3,2	8,7	6,9	4,8	4,4	— Construction	0,5	-5,9	11,7	12,9	11,0	7,8	7,0
— Equipment	-8,3	-0,9	3,2	11,2	3,2	5,8	5,7	— Equipment	-7,1	4,1	4,1	5,4	8,0	7,5	6,5
Exports of goods and services	1,4	-1,6	7,9	3,7	3,0	4,4	4,5	Exports of goods and services	13,6	9,6	13,6	17,1	9,9	8,2	7,6
Imports of goods and services	0,8	-3,9	12,3	8,2	1,0	3,9	4,4	Imports of goods and services	6,9	6,1	13,2	11,7	9,6	7,2	6,6
GDP	0,2	1,5	4,4	2,8	2,1	3,1	3,0	GDP	4,6	3,7	7,3	10,7	7,8	5,8	5,2
Contributions to growth								Contributions to growth							
Final domestic demand	0,4	1,2	4,3	3,0	2,5	2,5	2,6	Final domestic demand	2,6	0,8	5,6	4,0	5,3	3,6	3,1
Stockbuilding	-0,5	-0,5	1,0	1,3	-1,4	0,2	0,1	Stockbuilding	-2,5	-0,2	-0,5	1,0	0,4	-0,1	-0,1
Foreign balance	0,3	0,7	-0,9	-1,5	1,0	0,5	0,4	Foreign balance	4,6	3,0	2,2	5,7	2,1	2,2	2,2
D⁹*								I⁸							
Demand components								Demand components							
Private consumption	3,4	0,2	1,8	2,0	1,8	1,6	2,3	Private consumption	1,3	-3,4	1,0	1,2	0,5	0,2	1,8
Government consumption	2,0	0,2	-2,2	1,0	2,7	0,5	1,2	Government consumption	1,2	0,5	-0,0	-0,5	-0,5	-0,3	0,1
Fixed capital formation	3,5	-5,6	4,2	1,5	-1,4	1,2	3,1	Fixed capital formation	-1,8	-12,8	0,2	5,9	1,8	2,5	6,1
— Construction	9,7	0,9	7,7	1,2	-3,0	-0,6	1,0	— Construction	-2,4	-6,3	-5,8	0,5	1,3	0,5	3,6
— Equipment	-3,5	-14,1	-1,2	2,0	1,1	4,1	6,3	— Equipment	-1,2	-19,5	7,5	11,5	2,2	4,4	8,3
Exports of goods and services	-0,3	-4,9	8,0	5,9	3,6	6,0	6,5	Exports of goods and services	6,8	9,8	10,1	11,6	0,2	5,5	6,6
Imports of goods and services	2,0	-5,7	7,6	6,4	1,7	3,7	5,4	Imports of goods and services	7,4	-8,8	7,3	8,8	-2,3	3,5	6,9
GDP	2,2	-1,1	2,9	1,9	1,4	2,2	2,8	GDP	0,6	-1,2	2,1	3,0	0,8	1,4	2,6
Contributions to growth								Contributions to growth							
Final domestic demand	3,3	-1,2	1,8	1,8	1,3	1,3	2,2	Final domestic demand	0,7	-4,6	0,6	1,6	0,5	0,5	2,2
Stockbuilding	-0,4	-0,2	1,0	0,3	-0,3	0,2	0,1	Stockbuilding	0,1	0,6	0,6	0,3	-0,3	0,2	0,2
Foreign balance	-0,6	0,2	0,1	-0,1	0,5	0,6	0,4	Foreign balance	-0,2	4,0	0,9	1,1	0,5	0,6	0,2
EL⁷								L⁵							
Demand components								Demand components							
Private consumption	1,8	0,1	1,5	1,6	1,8	1,9	2,2	Private consumption	1,7	-0,9	2,5	2,4	2,2	2,3	2,4
Government consumption	-0,8	0,7	1,1	0,6	1,9	0,3	0,3	Government consumption	3,5	1,8	2,1	2,3	2,0	2,0	2,0
Fixed capital formation	-1,4	-2,8	0,5	6,3	8,3	8,6	8,6	Fixed capital formation	-2,1	3,9	2,4	3,5	6,0	4,0	5,0
— Construction	-6,0	-5,1	-3,0	2,1	9,1	9,6	9,5	— Construction	-	-	-	2,5	3,5	3,2	5,0
— Equipment	7,5	1,1	6,3	11,5	7,3	7,4	7,5	— Equipment	-	-	-	5,0	9,8	5,0	5,0
Exports of goods and services	8,7	0,6	7,7	1,8	3,8	4,9	5,8	Exports of goods and services	1,3	-2,4	5,0	4,3	1,0	4,0	5,9
Imports of goods and services	4,9	1,1	4,1	6,2	5,8	6,0	6,3	Imports of goods and services	0,2	-2,5	3,9	3,6	2,0	3,6	5,2
GDP	0,4	-1,0	1,5	2,0	2,4	2,5	2,8	GDP	1,9	0,0	3,3	3,4	2,3	2,8	3,8
Contributions to growth								Contributions to growth							
Final domestic demand	0,9	-0,5	1,4	2,7	3,6	3,6	4,0	Final domestic demand	1,0	0,6	2,5	2,6	2,9	2,6	2,8
Stockbuilding	-0,5	-0,1	0,4	1,0	0,0	0,0	-0,0	Stockbuilding	-0,2	-0,9	-0,2	0,0	0,7	-0,3	0,1
Foreign balance	0,1	-0,2	0,2	-1,0	-1,2	-1,1	-1,1	Foreign balance	1,3	0,2	1,1	0,9	-1,3	0,5	0,9
E⁶								NL⁸							
Demand components								Demand components							
Private consumption	2,1	-2,2	0,8	1,5	2,0	2,8	3,0	Private consumption	2,5	1,0	2,2	2,1	2,5	2,0	2,2
Government consumption	4,0	2,3	-0,3	1,3	0,2	-0,4	1,7	Government consumption	1,7	1,5	0,2	0,6	1,2	1,7	1,8
Fixed capital formation	-4,2	-10,6	1,4	8,2	2,6	4,8	6,3	Fixed capital formation	0,6	-2,8	1,6	6,7	3,2	3,0	6,4
— Construction	-4,3	-6,6	1,2	6,8	-0,1	2,6	4,6	— Construction	2,6	-2,7	2,5	1,3	1,5	4,1	6,2
— Equipment	-4,0	-18,1	1,7	11,0	7,3	8,4	9,0	— Equipment	-1,5	-2,7	-0,2	14,7	5,5	1,6	6,7
Exports of goods and services	7,3	8,5	16,2	8,2	9,0	8,1	8,7	Exports of goods and services	2,9	1,5	6,7	6,9	4,3	5,8	6,3
Imports of goods and services	6,9	-5,1	10,4	8,8	8,0	8,2	9,5	Imports of goods and services	2,1	-2,1	6,5	7,7	4,3	5,9	7,0
GDP	0,7	-1,2	2,1	2,8	2,1	2,7	3,2	GDP	2,0	0,8	3,4	2,1	2,5	2,8	3,0
Contributions to growth								Contributions to growth							
Final domestic demand	1,0	-3,6	0,8	3,0	1,9	2,8	3,6	Final domestic demand	1,9	0,3	1,7	2,6	2,3	2,0	2,8
Stockbuilding	0,1	-1,0	0,3	0,2	0,2	0,2	0,1	Stockbuilding	-0,4	-1,3	1,3	-0,5	-0,1	0,4	0,1
Foreign balance	-0,4	3,3	1,0	-0,4	0,0	-0,3	-0,5	Foreign balance	0,6	1,9	0,6	0,1	0,3	0,4	0,1

TABLE 35 (continued)

	1992	1993	1994	1995	1996	1997	1998*		1992	1993	1994	1995	1996	1997	1998*
A⁴								S⁹							
Demand components								Demand components							
Private consumption	2,8	0,7	2,5	1,9	1,2	0,8	2,1	Private consumption	-1,4	-3,1	0,8	0,3	1,0	1,7	2,1
Government consumption	2,1	3,1	2,2	2,1	0,3	0,0	1,2	Government consumption	-0,0	0,2	-0,8	-2,3	-1,7	-0,6	-0,8
Fixed capital formation	1,7	-1,6	6,8	6,0	1,2	1,6	2,6	Fixed capital formation	-10,8	-17,2	-0,2	10,6	12,0	2,7	3,3
— Construction	5,6	2,9	5,5	6,0	-1,3	-0,3	0,5	— Construction	-7,7	-19,0	-9,6	-3,1	7,5	3,0	3,0
— Equipment	-3,6	-8,2	8,8	6,1	4,6	4,1	5,3	— Equipment	-16,0	-14,0	15,8	28,5	16,5	2,5	3,5
Exports of goods and services	1,2	-1,5	5,2	5,4	4,7	6,3	7,1	Exports of goods and services	2,3	7,6	14,1	11,4	5,0	4,6	5,7
Imports of goods and services	1,8	-0,7	8,2	7,3	4,3	4,5	5,7	Imports of goods and services	1,1	-2,5	13,4	8,7	2,9	3,6	4,1
GDP	2,0	0,4	3,0	1,8	1,0	1,6	2,5	GDP	-1,4	-2,2	2,6	3,0	1,7	2,1	2,5
Contributions to growth								Contributions to growth							
Final domestic demand	2,4	0,5	3,6	3,0	1,1	0,9	2,1	Final domestic demand	2,9	-4,6	0,2	1,1	1,9	1,2	1,4
Stockbuilding	-0,2	-0,7	2,3	0,8	-0,1	-0,1	-0,2	Stockbuilding	1,1	-0,5	1,5	0,5	-1,2	0,3	0,1
Foreign balance	-0,3	-0,4	-1,5	-1,1	0,0	0,8	0,6	Foreign balance	0,4	2,9	0,9	1,4	1,0	0,7	1,0
P⁸								UK⁸							
Demand components								Demand components							
Private consumption	3,7	0,4	0,2	1,8	2,3	2,3	2,5	Private consumption	-0,1	2,6	3,0	2,0	2,9	3,4	3,3
Government consumption	1,4	0,0	1,4	2,5	2,0	1,5	1,5	Government consumption	-0,1	0,3	2,0	1,0	0,9	1,0	1,0
Fixed capital formation	5,4	-4,8	3,9	2,8	4,0	5,2	6,0	Fixed capital formation	-1,5	0,6	3,7	-0,1	3,7	5,6	5,0
— Construction	3,3	0,3	2,5	5,0	3,5	5,5	6,5	— Construction	0,3	0,9	0,0	-1,3	-0,3	4,1	4,7
— Equipment	4,9	-10,6	6,7	1,0	4,5	5,0	5,5	— Equipment	-3,8	0,2	6,9	1,5	8,8	7,2	5,3
Exports of goods and services	6,1	-5,1	10,7	11,4	7,8	7,1	8,2	Exports of goods and services	4,0	3,3	8,2	7,2	6,5	6,0	6,5
Imports of goods and services	11,1	-3,2	8,5	8,9	6,4	6,7	7,2	Imports of goods and services	6,5	2,9	6,2	3,9	7,1	6,6	6,9
GDP	1,1	-1,2	0,8	2,3	2,5	2,8	3,2	GDP	-0,5	2,2	3,8	2,4	2,3	3,0	3,0
Contributions to growth								Contributions to growth							
Final domestic demand	4,5	-1,2	1,6	2,4	3,0	3,2	3,6	Final domestic demand	-0,3	1,8	3,0	1,4	2,6	3,3	3,2
Stockbuilding	0,6	0,2	0,2	0,0	-0,2	0,2	0,1	Stockbuilding	0,5	0,4	0,4	0,1	-0,2	-0,1	-0,1
Foreign balance	-4,0	-0,1	-1,0	-0,2	-0,2	-0,7	-0,5	Foreign balance	-0,7	0,0	0,4	0,9	-0,2	-0,2	-0,2
FIN⁸								EUR^{8*}							
Demand components								Demand components							
Private consumption	-4,9	-2,9	1,9	3,8	3,4	3,5	2,5	Private consumption	1,7	-0,3	1,8	1,8	2,0	1,8	2,4
Government consumption	-2,2	-5,3	-0,3	1,3	1,3	0,2	0,7	Government consumption	1,6	1,2	0,4	0,7	1,2	0,5	0,9
Fixed capital formation	-16,9	-19,2	0,2	7,7	4,9	8,5	7,3	Fixed capital formation	-0,8	-6,6	2,5	3,6	1,5	3,1	4,7
— Construction	-17,3	-18,8	-3,8	2,3	-0,4	6,1	7,5	— Construction	1,0	-3,8	1,1	1,5	-0,2	1,7	3,1
— Equipment	-16,0	-20,0	8,6	17,6	13,4	11,9	7,0	— Equipment	-3,6	-11,3	3,6	6,7	3,8	5,0	6,7
Exports of goods and services	10,0	16,7	13,3	8,3	1,4	4,5	5,1	Exports of goods and services	3,6	1,7	8,8	7,5	4,0	5,8	6,4
Imports of goods and services	1,1	0,8	12,8	6,3	2,9	4,6	5,4	Imports of goods and services	3,9	-2,9	7,7	6,5	3,3	5,1	6,2
GDP	-3,6	-1,2	4,4	4,2	2,3	3,7	3,1	GDP	0,9	-0,5	2,8	2,4	1,6	2,3	2,8
Contributions to growth								Contributions to growth							
Final domestic demand	-7,1	-6,6	1,0	3,4	2,8	3,3	2,7	Final domestic demand	1,2	-1,4	1,7	1,9	1,7	1,8	2,5
Stockbuilding	0,7	0,5	2,3	-0,1	-0,2	0,2	0,1	Stockbuilding	-0,1	-0,5	0,9	0,2	-0,3	0,2	0,1
Foreign balance	2,1	4,2	1,0	1,1	-0,3	0,3	0,3	Foreign balance	-0,1	1,4	0,3	0,3	0,2	0,3	0,2

¹ Percentage change on preceding year.

² Change as a percentage of GDP of preceding period.

³ 1980 prices.

⁴ 1983 prices.

⁵ 1985 prices.

⁶ 1986 prices.

⁷ 1988 prices.

⁸ 1990 prices.

⁹ 1991 prices.

Source : Commission services.

* Notes : see page 27.

Notes on technicalities, concepts and sources

1. Directorate General II "Economic and Financial Affairs" regularly produces, under its own responsibility, short-term economic forecasts. These forecasts cover the principal macro-economic aggregates of the Member States and of the Community as a whole, in addition to the international environment. Although the forecasts primarily serve as a support to the internal work of the Commission and its services, they also form the subject-matter of a regular publication in the Supplement A series "Economic Trends" of "European Economy".

2. Concepts and sources

The sources for the tables and graphs are the Commission's services, except where otherwise indicated.

The historical part of the time series presented in the tables (in the present case, until 1995) is based on ESA national accounts (European System of Integrated Economic Accounts) which are published once a year by Eurostat. In the prospective part (1996 estimates, 1997 forecasts and 1998 scenario of unchanged economic policies) the concepts are generally in line with national economic accounting practice and, therefore, do not always follow the ESA definitions.

Since October 1989, the rates of unemployment presented in table 18, both for the historical part and the forecast, are based on the definition of the Statistical Office of the European Communities (SOEC), which relies on the labour force survey data.

3. *Community (EC) data* are generally aggregated using Purchasing Power Standards (PPS). For aggregates at constant prices, PPS weighted national currency is used. The aggregation in the tables "Current Balance as % of GDP" and "GNP at Market Prices" is made using current exchange rates.

4. Technical Notes

The world *geographical zones* are defined as follows :

- Rest OECD: Norway, Switzerland, Iceland, Turkey, Mexico, Australia and New Zealand

- OECD : EC, USA, Canada, Japan, Norway, Switzerland, Iceland, Australia, New Zealand and Turkey
- Countries in Central and Eastern Europe (CCEE) : Bulgaria, Czech Republic, Slovakia, Hungary, Poland, Romania, former USSR and Slovenia
- OPEC : Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela
- Dynamic Asian Economies (DAE) : Hong Kong, Korea, Malaysia, Singapore, Taiwan and Thailand
- Other Asia : all except DAE's, Indonesia, Iran, Iraq, Kuwait, Qatar, Saudi Arabia and UAE
- Latin America : all except Ecuador and Venezuela
- Africa : all except Algeria, Gabon, Libya and Nigeria.

However, it should be noted that the OECD grouping as defined in the forecasts does not include all the countries belonging to this organisation.

In the ESA definition of "General Government" social security is included but public enterprises are excluded.

The employment statistics refer to the number of occupied persons except in the Netherlands where they refer to man-years.

In the "imports" and "exports" tables, the EU figures include both intra- and extra-Union trade.

German data as well as EUR figures include the new German Länder from 1991 onwards; for percentage changes from 1992 onwards.

Forecasts for year 1998 should be treated as a scenario based on the "unchanged economic policies" assumption.

Principal economic policy measures – October 1996

Community (EUR-15)

14.10 Finnish markka joins the ERM of the EMS.

16.10 Commission adopts three sets of proposals in connection with preparations for stage three of EMU: draft Council Regulations defining the legal framework for the use of the euro; draft Council Regulations for ensuring budgetary discipline in stage 3 of EMU ("stability pact"); a Communication presenting proposals for reinforced convergence procedures and an exchange rate mechanism linking the currencies of the "pre-ins" to the euro.

22.10 Commission adopts its second report on "Taxation in the European Union".

30.10 Commission adopts a communication on "The impact and effectiveness of the Single Market".

Belgium (B)

1.10 The government presents its draft 1997 budget which is designed to cut the government deficit to 2.9% of GDP following a forecast of 3.3% for 1996 and a deficit of 4.1% in 1995. At the same time, the government adopts a programme of financial operations aimed at speeding up repayment of government debt. This should reduce the ratio of debt to GDP to 127% in 1997 (130.4% in 1996). The ratio stood at 137% in 1993.

Denmark (DK)

None.

Germany (D)

None.

Greece (EL)

None.

Spain (E)

3.10 The Bank of Spain cuts its key money rate by 50 basis points to 6.75% at the regular ten-day repurchase tender for central bank certificates.

France (F)

1.10 The government presents to the National Assembly its updated budgetary projections for the next five years: it pledges to reduce the State net borrowing requirement (adjusted to comply with the ESA rules) from 2.9% of GDP in 1997 to 1.9% in 2001.

9.10 The government adopts the draft law for the financing of social security, which aims at reducing this year's FRF 51.5 billion welfare deficit to FRF 29.7 billion next year.

31.10 The Bank of France cuts its money market intervention rate by 5 basis points to 3.20% and leaves its five-to-ten-day lending rate unchanged at 4.75%.

Ireland (IRL)

None.

Italy (I)

23.10 The central bank reduces its discount rate by 75 basis points from 8.25% to 7.50%. The last change to the discount rate was in July 1996, when it was decreased by the same amount.

Luxembourg (L)

11.10 The government approves a draft law providing for a 3.2% increase in the statutory minimum wage, the guaranteed minimum income and private sector pensions. In addition, birth grants are to be increased by 7.2%. These increases, which will come into effect on 1 January 1997, will entail government expenditure of LUF 2.12 billion.

18.10 The government approves an investment plan for the period 1996–2000. The plan provides for expenditure totalling LUF 84.121 billion.

Netherlands (NL)

None.

Austria (A)

None.

Portugal (P)

3.10 The Banco de Portugal lowers its repo rate by 15 basis points to 7.1%.

21.10 The Banco de Portugal lowers its repo rate by 10 basis points to 7%.

Finland (SF)

9.10. The Bank of Finland reduces its tender rate by 10 basis points to 3.00%.

14.10. Finland joins the ERM at a central rate of FIM 5.80661 per ECU (FIM 3.04 against the DM) and with $\pm 15\%$ fluctuation margins.

Sweden (S)

8.10 The central bank cuts the repo rate by 10 basis points to 4.95%.

22.10 The central bank cuts the repo rate by 10 basis points to 4.85%.

24.10 The central bank cuts the deposit rate and the lending rate by 50 basis points to 4.25% and 5.75% respectively. The repo rate is to be lowered on 29 October by 25 basis points to 4.60% and remains unchanged for the three coming weeks.

United Kingdom (UK)

30.10 Following his monthly meeting with the Chancellor, the Governor of the Bank of England raises the base rate to 6% from 5¾%.

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